

Manila Fails to Dislodge Rebels

LATE NEWS
2 Israeli Leaders
Clash on Talks

TEL AVIV (AP) — Prime Minister Yitzhak Shamir sharply disavowed Wednesday night remarks by Foreign Minister Shimon Peres that Israel was committed to participate in international talks on the Middle East.

The dispute was their first public clash since they switched jobs 100 days ago under a 1984 agreement to alternate the post of prime minister.

Mr. Peres, the Labor Party leader, noted that the Knesset, Israel's parliament, had approved an international conference when he presented the proposal in November 1985. "No one has the authority to change that without a majority," he said. But Mr. Shamir, of the rightist Likud bloc, told the Knesset on Wednesday, "I don't think it's a desirable situation" to hold an international conference. He said the Knesset's earlier approval was not binding on his government.

Rift in Military Poses Threat To Stability Before Plebiscite

By Michael Richardson
International Herald Tribune

MANILA — Troops loyal to the government of President Corason C. Aquino fired tear gas Wednesday night in an unsuccessful attempt to flush out about 150 rebellious soldiers who occupied the building during a coup attempt Tuesday.

But military commanders held back from launching a full-scale armed assault against the rebels, the last of about 500 soldiers who had tried to take over bases and communication centers in and around Manila.

Military sources and Western analysts said commanders feared that further fighting and bloodshed between breakaway soldiers and units loyal to the government of Mrs. Aquino would aggravate political divisions in the armed forces and undermine her government.

The analysts also said the handling of the rebels was a measure of the personal authority of General Fidel V. Ramos, the armed forces chief of staff, and of the effectiveness of the military chain of command.

The tear gas attack was launched after more than 24 hours of negotiations failed to produce a peaceful solution.

In a meeting early Wednesday with the rebel leader, General Ramos warned that the rebel troop action was "weakening the country for a Communist takeover."

But the officer, Colonel Oscar Canlas, an air force intelligence officer who maintains that the Aquino government is neglecting the military and playing into the hands of the outlawed Communist movement, refused to obey the order, saying he needed more time to consult his men.

As night fell, about 2,000 heavily armed government troops in full battle gear lined the broadcasting center and sealed off surrounding streets.

"The last thing they want is more bloodshed," said a foreign diplomat. "It would have a very serious impact on morale."

He said government soldiers had been disturbed Tuesday when they had to fire on fellow troops who tried to take control of air force.

See MANILA, Page 2



Fellow rebels escort Colonel Oscar Canlas back to the broadcasting center he and his men were holding in Manila. The colonel met earlier Wednesday with General Fidel V. Ramos.

U.S.-EC Accord Reported Near In Trade Dispute

Key Question Settled on U.S. Compensation

By Peter Maass
International Herald Tribune

BRUSSELS — Senior negotiators from the European Community and the United States were on the verge of an agreement Wednesday night that would resolve the major trade dispute over U.S. grain exports to Spain, sources said.

The two sides had settled the key question, of compensation for U.S. farmers, and were nearing agreement on industrial trade-offs and the duration of the pact, according to the sources.

"We're in good shape," said a U.S. source. Asked if a pact could be reached before Thursday morning, he replied, "It wouldn't surprise me."

The virtually nonstop negotiations began Monday evening.

The frantic negotiations, conducted by telephone between Brussels and Washington, were headed by Willy de Clercq, the EC commissioner for external relations, and Clayton K. Yeutter, the U.S. special trade representative.

An accord would avert a potentially crippling trade war between the United States and the EC. The dispute, which also has threatened to hamper General Agreement on Tariffs and Trade, or GATT, talks on liberalizing world trade, stems from grain levies imposed by Spain as part of its entry into the EC last year.

The United States has claimed it unjustifiably lost \$430 million annually in grain sales because of the tariffs. Washington has set a deadline of Friday for the EC to agree on a package of agricultural and industrial compensation, after which it would impose prohibitive duties of 289 percent on such EC imports as white wine, cheese and certain alcoholic spirits.

The EC has vowed to respond with anti-U.S. measures, notably tough tariffs on corn-gluten feed.

Trade experts have said that these moves — affecting nearly \$1 billion in two-way trade — could lead to spiraling retaliatory actions.

But in recent days the community has appeared to back down from its previously hard-line negotiating position. When the dispute broke out a year ago, the EC refused to offer any long-term agricultural compensation.

Trade sources said the two sides agreed Wednesday that the EC would allow non-community countries to sell between two million metric tons (2.2 million short tons) and two and one-half million metric tons of corn in Spain every year. Most of that quota, about 1.8 million tons, would go to U.S. farmers.

The sources also said that the EC agreed to allow slightly more than 200,000 metric tons in annual sorghum sales to Spain, as well as several hundred thousand metric tons of coarse grain sales to Portugal. The United States would receive most of those quotas.

However, the sources said, the two sides had not settled the question of industrial trade-offs. According to the sources, the EC agreed to lower duties on about \$150 million of U.S. industrial goods, but Washington was demanding deeper tariff cuts than the EC was offering.

The sides also were said to be at odds over the agreement's duration. The EC wants the quota guarantees to expire after four years, the sources said, while the United States is seeking long-term assurances.

An accord would need to be approved by the EC's 12 member nations. A special meeting of their representatives is scheduled for Thursday afternoon. Although there could be some grumbling, observers said, it was highly unlikely that the EC members would turn down a negotiated agreement.

■ U.S. Criticized

Michel Noir, France's trade minister, severely criticized the Reagan administration Wednesday for its "aggressive" approach to the EC during the dispute, and told The International Herald Tribune that it would have lasting repercussions on relations between the community and the United States.

"The Americans handled themselves very badly in this dispute, by being so aggressive in their tactics," Mr. Noir said, speaking of Mr. Yeutter, Commerce Secretary Malcolm Baldrige and Agriculture Secretary Richard E. Lyng.

"What they did not realize was that rather than dividing us, as they hoped, they in fact drew us together, creating greater European solidarity," Mr. Noir said.

"The U.S. negotiations were very blunt: it was a matter of taking it or leaving it," he said, adding that "the U.S. was being totally contradictory, because they want our support for the new GATT negotiations, yet in this dispute they simply brushed aside the rules of GATT, which we are all committed to supporting."



Clayton K. Yeutter

Reagan's Address to Nation Cites 'Mistakes' on Iran

He Offers to Cooperate With Congress

By David Hoffman
Washington Post Service

WASHINGTON — President Ronald Reagan has ended a long seclusion with a State of the Union address in which he lamented that "serious mistakes were made" in the sale of U.S. weapons to Iran, acknowledged that he had taken a risk that failed, and urged the nation to look beyond the worst controversy of his presidency.

"Let it never be said of this generation of Americans that we became so obsessed with failure that we refused to take risks that could further the cause of peace and freedom in the world," he said in Tuesday night's nationally broadcast message to Congress.

In a speech opening the final two years of his second term, Mr. Reagan offered gestures of cooperation to Congress, now controlled in both chambers by the Democrats.

But he struck a defensive tone, vowing to stand fast for his programs to aid the Nicaraguan rebels, develop the space-based anti-missile initiative, known as the Strategic Defense Initiative, and increase the military budget while resisting tax increases.

Mr. Reagan spoke of a "moment of rare opportunity" on arms control negotiations with the Soviet Union but also attacked Soviet officials anew for a "single-minded determination to expand their power."

The president, in his sixth annual State of the Union address, put forward a modest list of domestic policy initiatives, including a tentative proposal to provide insurance to the elderly for catastrophic illnesses, a program of reduced farm subsidies and experimental projects at the state level to change the welfare system.

Mr. Reagan, who appeared vigorous and was greeted with sustained applause, took the rostrum in the House of Representatives on Tuesday night after a long absence from the public eye.

He had not spoken about the Iran initiative since December and



President Reagan delivered his address to Congress. He had not appeared in public since before his Jan. 5 prostate surgery. He sought to deflect concern about his vitality by joking about his age. The president devoted just two paragraphs of his text to the Iran controversy. "I have one major regret," he said. See REAGAN, Page 2

President Rejected 'a Fighting Speech'

By R.W. Apple Jr.
New York Times Service

WASHINGTON — President Ronald Reagan has produced a State of the Union message that he could have delivered, with only modest changes, if his party had won the Senate elections in November and if the Iran-contra affair had never developed.

Sensing that Mr. Reagan had been weakened by the Republicans' loss of the Senate, the upsurge over arms sales to Iran and the diversion of some of the profits to the Nicaraguan rebels, many of his supporters had hoped that the president would go to Capitol Hill on Tuesday night "with blood in his eyes and make a fighting speech," in the words of Senator William L. Armstrong, Republican of Colorado.

But Mr. Reagan chose not to follow that advice.

Instead, he appealed for cooperation by congressional Democrats, made a brief and mildly phrased reference to the arms controversy, listed a series of goals that he had mentioned in other such speeches and moved on to a coda built around the sovereignty of the people under the U.S. Constitution, which is 200 years old this year.

The United States, he said, quoting Benjamin Franklin, "is a rising and not a setting sun." It was a typical Reagan rhetorical device, reminiscent of his 1984 campaign theme — "It's morning in America" — and designed, perhaps, to suggest that he himself was not prepared quite yet, despite his problems, to ride into the political sunset.

Mr. Reagan said the nation must not become "obsessed with failure."

Yet there was ample evidence in his speech that the furor surrounding the Iran arms deal, as well as other factors, has stymied the White House. He was unable because of internal dissension, for example, to provide details of what is emerging as the major domestic policy initiative, insurance against catastrophic illness.

According to White House officials, Mr. Reagan had moved on to a coda built

U.S. Imposes Ban on Travel To Lebanon

WASHINGTON — The Reagan administration announced Wednesday that it was forbidding Americans to travel to Lebanon unless they had U.S. government approval.

A State Department spokesman, Charles E. Redman, said that, effective immediately, U.S. passports could not be used for travel to or through Lebanon unless officially validated for that purpose.

Three American university professors were seized Saturday in West Beirut, bringing to at least eight the number of Americans known to be held hostages in Lebanon.

Mr. Redman said exceptions to the ban would be made for people already in Lebanon and for family members of Americans held hostages there. Americans already in Lebanon will be allowed 30 days to leave.

He said Secretary of State George P. Shultz "has determined that there is imminent peril to U.S. citizens in Lebanon."

Mr. Redman said that violators of the ban would be subject to a \$2,000 fine and five years in prison.

Separately, officials in London said that Britain was prepared to talk with radical groups in Lebanon to track down Terry Waite, the missing Church of England envoy, and secure the release of Western hostages.

The Foreign Office said it had engaged in contacts with U.S. officials and with other governments about Mr. Waite, who disappeared in West Beirut while attempting to negotiate the release of hostages.

Mr. Waite was last seen Jan. 20, when he left his hotel to meet with a group, presumably members of the fundamentalist Islamic Jihad organization, that was holding hostages. There have been unconfirmed reports that he has been placed under "house arrest" by the hostage-takers.

Questions about his safety were relayed by a Lebanese Shiite Muslim doctor and former cabinet minister who has been acting as an intermediary between Mr. Waite and those holding the hostages, the independent Beirut newspaper An-Nahar reported Wednesday. The doctor's name was not disclosed.

The newspaper quoted a source close to the doctor as saying that the kidnappers had no intention of holding Mr. Waite.

Mr. Waite, the special envoy of the archbishop of Canterbury, Robert Runcie, was seeking the release of two U.S. hostages in particular: Terry A. Anderson, a journalist, and Thomas Sutherland, a dean of the American University of Beirut.

In Iran, the speaker of the parliament, Hashemi Rafsanjani, said of See BAIN, Page 2



REAGAN'S GIFT — Hashemi Rafsanjani, the speaker of the Iranian parliament, displaying on Wednesday a Bible he said President Ronald Reagan signed and sent to Iranian officials when the United States was secretly sending weapons to Iran. Page 4.

Japanese Shift Tactics on U.S. Bonds

Borrowed Dollars Underwrite Deficit

By Carl Gewirtz
International Herald Tribune

PARIS — Japan, which since 1985 has been financing a quarter to a third of the U.S. deficit through the purchase of U.S. Treasury bonds, radically altered the way it financed these holdings starting in mid-1986, the Bank for International Settlements reported Wednesday.

The BIS, the Basel-based clearing house for such data, reported a huge increase in dollar borrowing by Japanese banks in the third quarter, the latest period for which data are available, indicating that they were using borrowed dollars to finance the purchases rather than selling yen to purchase dollars.

Such a shift in strategy has two implications. By eliminating the exchange-rate step of selling yen to buy dollar securities, Japanese investors contributed to the strengthening of their currency by reducing the demand for dollars in foreign-exchange markets.

The data show that the dollar traded in a range of about 155 yen in the third quarter. This was down from a range of from 160 to 180 in the previous quarter and an average of about 165 yen in the final quarter, after Washington and Tokyo agreed to stabilize the rate.

More importantly, the financing shift also appears to have increased the vulnerability of the U.S. bond market to a withdrawal of Japanese funds. If the dollar borrowing costs to Japanese investors were to suddenly outweigh the income from holding the U.S. securities, the Japanese could be forced to dump the securities, a move that could create havoc in U.S. credit markets.

U.S. economists and regulators, including the chairman of the Federal Reserve Board, Paul A. Volcker, have long voiced their concern about the possibility of such a development.

BIS officials did not offer any interpretation of the data Wednesday and said they were still trying to digest it.

To say these developments are completely understood "would be a bit premature," BIS officials said.

The Central Committee, which closed its two-day meeting Wednesday, was in session for the first time in seven months. It was



Dollar Continues Decline
Shinobu Matsui, a money broker in Tokyo, had her hands full as she was swamped with calls from clients Wednesday. The dollar fell sharply in hectic trading in Japan and in Europe. It fell below 6 French francs for the first time in more than five years. Page 13.

In Beijing, the Power Struggle Is On

Tianjin Mayor Said to Be Deng Favorite for Prime Minister

By Daniel Southerland
Washington Post Service

BEIJING — Although ideology dominates the headlines in China's newspapers, party officials are engaged in a struggle for power and influence that counts as much as the ideological arguments, diplomats and other analysts said Wednesday.

According to two Chinese analysts who have separate connections to high levels of the government, Deng Xiaoping, China's senior leader, decided several months ago that the former Communist Party chief, Hu Yaobang, who was forced to resign Jan. 16, was accumulating power and influence at too rapid a rate.

They said that Mr. Hu had placed many of his proteges in positions of influence without consulting other leaders.

Mr. Hu, it is said, also neglected to give a place in his plans to certain powerful interest groups, including the military and conservative party ideologues.

Mr. Hu favored political changes which, in the view of party conservatives, would have decreased the power of the Communist Party and its influence in both the government and industry. He fostered a more open political debate, allowing academics to propose ideas that challenged party control over much of society and the economy.

Some sources say that the conservatives, in particular, apparently complained to Mr. Deng about Mr. Hu's moves and that pressure from the conservatives probably proved critical in turning Mr. Deng against his protégé.

Mr. Deng apparently prefers to have a balance of power at the top. Then, from a position somewhere in the middle of a spectrum of views, he acts as supreme arbiter.

With Mr. Hu now out of the picture, Mr. Deng is attempting to establish a new balance that will take all interests into account, one analyst said. The key question is: Who should be made prime minister to replace Zhao Ziyang, who recently assumed the position of acting Communist Party chief?

Diplomats said that Mr. Deng's initial impulse was to look for new blood for the prime minister's office and that he had settled on Li Ruihuan, 52, the mayor of Tianjin, for the job.

But Mr. Li has had no experience working at a high level in the central government and will require more grooming if he is to get the post, they said.

In the meantime, other candidates are under consideration for the position of prime minister. One is Vice Prime Minister Li Peng, 58, a Soviet-trained engineer who oversees government work in the fields of education, energy and transportation.

Observers think that Mr. Li would be the choice of conservative party leaders, because of his emphasis on central planning and government control over the economy. Judging by his frequent appearances in the government-controlled

Gorbachev Consolidates Authority

MOSCOW — Mikhail S. Gorbachev, the Soviet leader, consolidated his authority in the Communist Party on Wednesday with the removal from the ruling Politburo of a former aide of Leonid I. Brezhnev.

The official news agency Tass said that Dinmukhammad A. Kunayev, the former party leader in the Asian republic of Kazakhstan, was dropped at a session of the party's Central Committee in Moscow.

Vladimir V. Shcherbitsky, the Ukrainian party leader, kept his position on the Politburo. He is the last remaining Politburo member associated with Brezhnev, who died in 1982.

Analysis said this pointed to the strong personal power base that Mr. Shcherbitsky has built up in the Ukraine. He was reconfirmed as the Ukrainian leader only last month.

The Central Committee, which closed its two-day meeting Wednesday, was in session for the first time in seven months. It was

originally supposed to meet in the final quarter of last year.

Mr. Gorbachev delivered a speech Tuesday calling for sweeping changes in party procedures, including the election of senior officials by secret ballot and multiple candidates for top offices.

The Central Committee also promoted Alexander N. Yakovlev, a close personal aide to Mr. Gorbachev, to nonvoting membership of the Politburo.

It elected two new Central Committee secretaries, the men who are responsible for running the party on a day-to-day basis.

They are Nikolai N. Slyuzkov, party leader in the republic of Belorussia, and Anatoli I. Lukyanov, head of a department of the Central Committee that handles administrative affairs.

Mikhail V. Zimyanin, 72, a veteran member of the Central Committee secretariat, retired on health grounds, Tass said.

The changes left the Politburo, the Soviet Union's most important body, with 11 full members and

eight nonvoting members. The Central Committee secretariat now has 12 members.

In an initial assessment, analysts said the removal of Mr. Kunayev and the promotion of Mr. Yakovlev suggested that Mr. Gorbachev had increased his authority in the party's upper ranks.

Mr. Yakovlev already is a Central Committee secretary with responsibility for propaganda. As an adviser to Mr. Gorbachev, he accompanied the Soviet leader to Reykjavik, Iceland, for the meeting with the U.S. president, Ronald Reagan, in October.

Mr. Slyuzkov's elevation makes him one of the most powerful men in the leadership. He was promoted to nonvoting membership of the Politburo at the end of the 27th congress last month.

Mr. Kunayev's removal from the Politburo became certain when he was dropped as the leader of Kazakhstan last month. He was succeeded by an ethnic Russian, Gennadi V. Kolbin, whose appointment was followed by riots in the Kazakh capital, Alma-Ata.

Once Again, an Exodus of Academics Worries U.K.

By Warren Getler
International Herald Tribune
OXFORD, England — British academics are concerned about demoralization in their ranks that appears to be fueling an exodus of intellectuals to foreign shores.

"We're losing a generation of some of our best people," said Denis Noble, professor of physiology at the University of Oxford.

Mr. Noble and some other British scholars say that the conservative government of Prime Minister Margaret Thatcher is failing to respond to the problem. They say that the exodus of talent is occurring at a time when Britain has suffered deep erosion in its manufacturing base and when its ability to compete internationally depends increasingly on technological innovation.

A steady outflow of eminent scholars from Britain and other European nations in the 1950s and 1960s, blamed largely on low salaries, raised widespread concern that a "brain drain" was taking place.

The current departures, critics say, do not match the scale of the earlier exodus, but the reasons behind them are much broader and affect not just the sciences but also the humanities.

"I don't think today's problem is fundamentally about salaries," said Bernard Williams, 57, a philosopher who is provost of King's College, Cambridge University, and himself headed abroad.

"Cuts in government support, a lack of job opportunities and new requirements encouraging early retirement have led to a very high degree of demoralization," he said.

A report this month by the House of Lords Select Committee on Science and Technology said: "The academic community, subject to financial restraints and stagnant recruitment, is held back from breaking new ground and nurturing its pupils. A brain drain among the best graduates is again evident."

The U.S. National Science Foundation said in a 1985 report that 1,000 scientists and engineers from Britain had obtained permanent immigration status in the United States in 1984, representing nearly half the total for all of Western Europe that year.

As a percent of worldwide immigration of scientists and engineers to the United States, Britain's contribution has risen steadily, from 7 percent in 1976, to 8.5 percent in 1982 and 10.5 percent in 1984, the study said.

Moreover, fewer British undergraduates appear eager to enter careers in academics.

At Oxford, the proportion of first degree graduates entering research or further academic study fell from 17.7 percent in both the academic years 1982-83 and 1983-84 and to 16.3 percent in 1984-85.

Mr. Williams, who early next year will join the philosophy department of the University of California at Berkeley, said: "I've already been a full professor at two British universities. What seems to be the bad news is that those in their 40s won't take positions in Britain when posts are available." He said this was due to "generally inferior conditions" at British universities.

Mr. Noble, who recently received salary offers from U.S. universities ranging between \$60,000 and \$100,000, said that British professors traditionally "have been willing to accept lower salaries in the U.K., but only so long as facilities for doing research" were kept on par with those abroad.

The decline in working conditions over the past five years, he said, had made it increasingly difficult for British academics to ignore opportunities to treble or quadruple their salaries.

In Britain's government-regulated university system, the most senior faculty member can hope to earn, excluding fringe benefits, is about £22,000 (\$33,400), academics here say. For junior faculty, the figure is typically from £11,000 to £15,000.

That compares to top salaries ranging from \$60,000 to well above \$100,000 for senior faculty at the most prestigious U.S. universities.

The issue of compensation aside, much of the current malaise emerged after sharp reductions in educational spending that were part of Mrs. Thatcher's austerity budgets. Funding for university research dropped an estimated 12 percent between 1979 and 1983.

The budget cuts brought a hiring freeze potentially covering hundreds of senior faculty posts at most British universities, including Oxford and Cambridge. Should those seats become vacant, there are no plans to fill them.

At Oxford, 140 faculty posts, or 11 percent of the total, will be cut by the end of 1992.

"That's absolutely inevitable as a result of the cutback in funding," said Anne Lonsdale, university information officer.

Among positions that will re-

main vacant for at least the next two years, she said, are the head of Oxford's inorganic chemistry department.

Oxford's Mr. Noble, 50, who is an authority on the human heart, has cast himself as unofficial spokesman for the Save British Science Society.

The campaign, intended to draw government attention to deteriorating morale in British academe, was begun in January 1986 by a handful of Oxford scientists. It now includes more than 100 members of the London Royal Society, Britain's premier science association, among them 11 Nobel laureates.

In the 1980s, according to Royal Society officials, 1 out of 4 of its new fellows, all top-rank scientists, was living abroad when nominated, compared with 1 in 6 during the 1960s and '70s.

Save British Science has asked Parliament to increase spending on university research and development programs by at least 17 percent, or £100 million annually.

The government, in turn, has urged universities to seek supplemental aid from the private sector—in effect, to pursue private fundraising approaches of American universities.



Professor Denis Noble

WORLD BRIEFS

At Least 26 Die in Sri Lanka Fighting

COLOMBO, Sri Lanka (AP)—Tamil rebels killed six policemen in an ambush on a convoy, and government security forces killed 20 guerrillas during retaliatory attacks on rebel hideouts Wednesday, the government said.

Residents in the area said at least 15 civilians also were killed by government forces. The government said civilians may have been killed or wounded in the crossfire, but it provided no figures.

6 Irish Soldiers Hurt in Lebanon Blast

JERUSALEM (AP)—A total of six Irish soldiers of the United Nations Interim Force in Lebanon were wounded in a bomb blast early Wednesday at the Irish battalion headquarters in southern Lebanon, the force's spokesman said Wednesday. Initial reports said only two soldiers were wounded.

The spokesman, Timur Goksel, said by telephone that five remote-controlled bombs had been placed inside the headquarters, which are at Tibnin in the central part of southern Lebanon.

Four of the bombs, containing about 22 pounds (10 kilograms) of explosive, were defused in time, but the fifth went off, severely wounding two of the soldiers.

Striking Madrid Students See Minister

MADRID (Reuters)—Striking Spanish students met with Education Minister José María Maravall on Wednesday, but both sides said after the talks that no solutions had been found to end the unrest that has crippled high schools for more than a week.

"We want to reach an agreement, but if Maravall refuses to discuss the university entrance system our fight will continue," a student leader, Juan Ignacio Ramos, said after the meeting. "We will not back down on demands to scrap the university admission exams."

While the talks were taking place in Madrid, students and police clashed in Barcelona, where 10,000 demonstrators took to the streets to press their demands for cheaper and easier access to university. The police fired rubber bullets and tear gas to disperse the crowd, but no injuries or arrests were reported.

High U.S. Official Arrives in Warsaw

WARSAW (UPI)—The deputy U.S. secretary of state, John C. Whitehead, arrived here Wednesday on a four-day visit for the first high-level U.S.-Poland talks in Warsaw since martial law was declared in 1981.

At the same time, Prime Minister Zbigniew Messner told Poland's parliament, the Sejm, that Warsaw was ready to normalize relations with the Washington only on condition that the United States stops interfering in Poland's internal affairs.

Mr. Whitehead said in a brief arrival statement that remaining U.S. sanctions against Poland will stay under review and not be lifted during his visit. Relations between Warsaw and Washington have been strained since the Polish authorities outlawed the Solidarity labor movement and imposed martial law for three years.

Grand Jury Picked in Iran Arms Case

WASHINGTON (AP)—A U.S. judge selected a grand jury Wednesday to investigate the Iran-contra affair.

Judge Aubrey Robinson of U.S. District Court chose a panel of 23 jurors to hear testimony about the sale of arms to Iran and the alleged diversion of proceeds to the anti-Sandinist rebels in Nicaragua.

The grand jury, which has the power to subpoena witnesses and documents, will be the primary investigative tool of Lawrence E. Walsh, the former federal judge named by a special court to conduct the independent investigation. The jury also has the power to indict individuals if it determines that criminal violations occurred.

Congress Moves to End U.S. Rail Strike

WASHINGTON (NYT)—Congress has approved legislation to try to end the 11-day strike against the Long Island Rail Road during a 60-day cooling-off period.

If President Ronald Reagan signs the bill soon, as he is expected to do, the trains could be running again by the end of the week. The president of the railroad, Bruce C. McIver, has said that service could be resumed 48 hours after a return to work.

If a settlement of the outstanding issues is not reached during the cooling-off period, a three-member panel would recommend a settlement to Congress. Congress would have to approve the settlement, or the strike could resume. The cooling-off period would end March 17.

U.S. Court to Hear School Prayer Case

WASHINGTON (NYT)—The Supreme Court has agreed to consider the constitutionality of a 1982 New Jersey law, related to the issue of school prayer, requiring that public schools permit students to observe one minute of silence daily "for quiet and private contemplation and introspection."

While the New Jersey law was blocked by federal courts soon after its enactment, the action Tuesday could set the stage for a major test of such "moment of silence" laws, which have been adopted at one time or another in about 25 states, including New York and Connecticut.

The court said it would hear an appeal of a federal appeals court decision that struck down the New Jersey law as an unconstitutional establishment of religion. The appeals court held that the law had a thinly disguised purpose of facilitating prayer. The Supreme Court, which has banned organized prayer in public schools since 1962, has left unclear what steps school officials may take to accommodate children who want to pray on their own.

For the Record

Venezuela and the Soviet Union signed a \$15-million, one-year fishing agreement Tuesday that allows Russian vessels to use the ports of the tiny South Pacific nation.

Flags at the Kennedy Space Center were lowered to half-staff Wednesday under a gray sky as rocket engineers observed a silent tribute on the first anniversary of the Challenger disaster.

A Spanish High Court rejected an appeal Wednesday by the government against the suspension of a decree liberalizing Spain's limited abortion law. The Supreme Court struck down the decree last month following an appeal by an anti-abortion group.

CHINA: Succession Struggle

(Continued from Page 1)

newspapers and on television recently, he would have to be counted as a leading candidate.

But one analyst said that Mr. Deng did not completely trust Mr. Li.

Another said that Mr. Deng had questioned Mr. Li's performance in December 1985. Mr. Deng apparently felt that Mr. Li did not explain forcefully enough what the Chinese call the three major obstacles to an improvement in political relations with Moscow.

Another candidate for the prime minister's position is Vice Prime Minister Tian Jiyun, 58, an expert on economics and finance who is regarded as a protégé of Mr. Zhao.

But if Mr. Deng is committed to a balance of power at the top, he might be reluctant to favor Mr. Tian, since Mr. Tian's appointment as prime minister would concentrate enormous power in the hands of Mr. Zhao.

Yet another candidate for prime minister would be Vice Prime Minister Wan Li, 70, a veteran leader who is close to Mr. Deng. But diplomats and others agreed that Mr. Wan would be a compromise choice whose advanced age would make it unlikely for him to stay long in the job. His selection would merely postpone the tough decision over a younger candidate.

A Chinese analyst said it was certain that Mr. Li would be promoted to a central government or top-level party position within the next few months. Another analyst said he would almost certainly be elevated to the Politburo this year.

If Mr. Li performs well, he might become the top candidate for the prime minister's office. A decision will almost certainly have to be made by the time the Communist Party holds its next Congress, now expected to take place in October.

In an unusual appearance, Mr. Li was featured prominently Wednesday night on national television. He was shown speaking before a cultural group. The Tianjin mayor made a predictable statement in opposition to "bourgeois liberalization."

A major newspaper, the Guangming daily, praised the city of Tianjin on Wednesday in a front-page article. It said that Tianjin, China's third largest city, had made breakthroughs in agriculture, industry, exports and finances.

The man in position to influence events more than anyone else at the moment, aside from Mr. Deng, is Mr. Zhao. He was expected to give a speech Thursday to mark the Chinese New Year. Analysts will watch carefully for clues both on his views and his political strength.

France Orders Abdallah To Be Tried in Killings

By Edward Cody
Washington Post Service
PARIS — A French court ordered an accused Lebanese terrorist on Wednesday to stand trial for complicity in the 1982 assassinations of a U.S. military attaché and an Israeli diplomat in Paris.

Georges Ibrahim Abdallah, 35, also was ordered to be tried on charges of complicity in the attempted assassination of a U.S. consul at Strasbourg.

A Justice Ministry spokesman said that the trial on the three charges simultaneously is likely to start next month.

The decision marked an important legal step in U.S. efforts to guarantee that Mr. Abdallah is not released as part of a deal involving hostages in Lebanon.

The United States has entered the case as a civil plaintiff.

The decision to try Mr. Abdallah, despite reported threats of renewed terrorism by his supporters, follows by two days the arrest in West Germany of the brother of another Lebanese prisoner who is held on suspicion of terrorism and whose release has been demanded in exchange for two West German hostages in Lebanon.

A French official said that no connection has been discovered between the two cases.

Mr. Abdallah, a former teacher from the Maronite Christian village of Kabayat in northern Lebanon, has been in French custody since October 1984. He turned himself in in Lyon, telling the French police he feared he was about to be killed by Israeli or U.S. agents.

He was sentenced to four years in prison on charges of possessing weapons, explosives and false passports, as well as association with criminals.

The French authorities have speculated that Mr. Abdallah leads the Lebanese Armed Revolutionary Faction, an underground group that has claimed responsibility for a number of terrorist attacks and been blamed by officials of several countries for other attacks.

A group calling itself the Committee for Solidarity With Arab

and Middle Eastern Political Prisoners announced that it was behind the bomb attacks that killed 11 persons in Paris last year that were designed to pressure the French government into releasing Mr. Abdallah and two other convicted terrorists.

The French government was widely reported to be ready to release Mr. Abdallah in April 1985 in return for the liberation of Gilles Peyrolles, head of the French cultural center in Tripoli, Lebanon, just south of Kabayat. Mr. Peyrolles was released unharmed on April 2, 1985, as part of the reported deal.

But the French authorities kept Mr. Abdallah in prison after the discovery of an arms cache in a Paris apartment rented in Mr. Abdallah's name.

The cache included an automatic pistol identified as the murder weapon in two assassinations. Since then, the Paris bombings also have made any release of Mr. Abdallah politically difficult to explain.

The pistol was tied to the killings in Paris of Colonel Charles R. Ray in January 1982 and Yacov Barsimantov in April of the same year. Colonel Ray was the military attaché at the U.S. Embassy and Mr. Barsimantov was an Israeli diplomat.

In addition to charges in the two killings, Mr. Abdallah will be tried in connection with the attempted assassination in Strasbourg of Robert Homme, the U.S. consul, in March 1984.

Mr. Abdallah can appeal the order sending him to trial.

Unless this is successful, Mr. Abdallah is to be tried by a panel of seven judges. An anti-terrorism law was amended in December to authorize trial by judges after jurors in another terrorism trial declined to serve under threat of retaliation by the defendants.

A similar process will be followed for Jacqueline Esber, an alleged associate of Mr. Abdallah. She has not been apprehended and will be tried in absentia.



Berhardt Fischer, a West German believed involved in hostage negotiations in Lebanon, arrived in Larnaca, Cyprus, aboard a Lebanese Army helicopter. Mr. Fischer, with suitcases, said he had been in Lebanon on private business. He was en route to Europe.

BAN: U.S. Forbids Most Americans to Travel to Lebanon

(Continued from Page 1)

Mr. Waite: "It is regrettable that someone who has acted to solve problems be entangled in a problem."

"We will definitely help if we can," Mr. Rafsanjani said.

Two West Germans, Rudolf Cordes and Alfred Schmidt, were kidnapped last week. Their abduction was apparently prompted by the arrest in Frankfurt on Jan. 13 of a Lebanese Shiite, Mohammed Ali Hamadeh, a suspect in the 1985 hijacking of a TWA plane.

His brother, Abbas Ali Hamadeh, 28, was arrested Monday in Frankfurt.

A third Hamadeh brother said in Beirut on Wednesday that his family was not linked with the abduction of the West Germans.

"The story that two German hostages are being held by the Hamadeh family is not true at all," said Abdel Rahman Hamadeh, 33.

Police Find Explosives

West German police have found liquid explosives in a security operation connected with the seizure of two West German hostages in Beirut, officials in Bonn were quoted by Reuters as saying Wednesday.

The eight plastic containers of liquid methyl nitrate were found

Tuesday night in a field near the village of Beckingen, in Saarland state, after a tip was received from a brother of Mr. Hamadeh, the sources said.

They said the brother, Abbas Ali Hamadeh, a West German citizen, was being held on suspicion of "placing the state under duress" and was being questioned about the Beirut kidnappings.

He was arrested at Frankfurt airport Monday after his return from Beirut. Six of his acquaintances, all Lebanese, were detained briefly after police raids in Saarland in which one man was shot and wounded.

REAGAN: President Tells Nation of 'Serious Mistakes' Made in Sales of Arms to Iran

(Continued from Page 1)

said, "I took a risk with regard to our action in Iran. It did not work, and for that I assume full responsibility."

"The goals were worthy," he said. "I do not believe it was wrong to try to establish contacts with a country of strategic importance or to try to save lives. And certainly it was not wrong to try to secure freedom for our citizens held in barbaric captivity. But we did not achieve what we wished, and serious mistakes were made in trying to do so. We will get to the bottom of this, and I will take whatever action is called for."

Mr. Reagan did not describe details of the controversy, including the U.S. sale of weapons to Iran, the diversion of money from the weapons sales to aid the Nicaraguan rebels, or the resignation of his national security adviser and the dismissal of a leading deputy.

Nor did Mr. Reagan repeat his previous assertions that the United States had not been trading arms for American hostages being held in Lebanon, a contention that has been called into question by documents uncovered in congressional investigations.

Mr. Reagan had said previously that "mistakes were made" in the policy without saying who made them or why. On Tuesday night he called the errors "serious" but offered no elaboration. A senior

White House official said, "I would not read into it that he thinks he made mistakes."

The president has said in the past that the sales of anti-tank and anti-aircraft missiles to Iran were designed to create an opening to moderate factions in that country, but Tuesday night he offered no further explanation.

He did not apologize for the Iran decisions, as some members of Congress have urged. Instead, he suggested indirectly that the controversy was being fueled by partisanship.

"Much is at stake here," he said, "and the nation and the world are watching—to see if we go forward together in the national interest, or if we let partisanship weaken us."

Mr. Reagan opened his address with a handshake and gesture of bipartisanship for the new House

speaker, Representative Jim Wright, Democrat of Texas. He recalled how President Dwight D. Eisenhower greeted Sam Rayburn, 32 years ago when Rayburn became House speaker. "We shall have much to do together; I am sure that we shall get it done—and that we shall do it in harmony and good will."

Mr. Reagan added: "Tonight, I renew that pledge."

Acknowledging that "there are changes in this Congress," the first of his presidency in which both chambers are controlled by Democrats, he said: "America's interests remain the same."

Mr. Reagan stopped short of any signals that he is willing to compromise on major issues.

He called the federal deficit "outrageous" but did not acknowl-

edge that his policies had played any role in making it so.

Mr. Reagan has never submitted a balanced budget to Congress, but Tuesday night he renewed his demand that Congress approve a balanced budget amendment to the U.S. Constitution and give him the power to veto individual budget items.

He again ruled out tax increases to reduce the deficit and rejected calls that the targets in the budget-balancing law passed last year be postponed. Mr. Reagan complained that defense and international assistance programs have been "devastated" by budget cuts.

The Iran controversy has undermined political support for Mr. Reagan's program of aiding the Nicaraguan rebels, he said: "Nicaraguan freedom fighters have never asked us to wage their battle."

But I will fight any effort to shut off their lifeline and consign them to death, defeat, or a life without freedom. There must be no Soviet beachhead in Central America."

On relations with the Soviet Union, Mr. Reagan expressed hope for "more constructive" talks but also laid blame on Moscow for the deadlock in arms negotiations.

He recalled his meeting with Mikhail S. Gorbachev in Reykjavik, saying: "In Iceland last October, we had one moment of opportunity that the Soviets dashed because they sought to cripple our Strategic Defense Initiative—SDI. I wouldn't let them do it then. I won't let them do it now or in the future."

He also threatened indirectly to veto any effort by Congress to force his administration to abide by the numerical limits in the 1979 strategic arms limitation treaty, known as SALT-2. Democrats have said they will push legislation to bind the administration to these limits.

"Enacting the Soviet negotiating position into American law would not be the way to win a good agreement," Mr. Reagan said. "So I must tell this Congress I will veto any effort that undercuts our national security and our negotiating leverage."

Mr. Reagan's separate legislative message included a number of new domestic spending proposals, such as a \$1 billion job retraining program.

The president also announced a series of initiatives that he said would improve the "competitiveness" of the United States. He reiterated his stand against protectionist trade legislation, saying the U.S. was "always willing to be trade partners, but never trade patsies."

His initiatives included education policy changes, such as promoting literacy, raising school standards and improving basic

ANALYSIS: Reagan Rejects Giving 'Fighting Speech'

(Continued from Page 1)

The chief of staff had wanted something dramatically different that would divert attention from the arms controversy. Mr. Reagan was said by his associates to have bitterly opposed the reiteration of a series of objectives from the first six years of the Reagan presidency with little chance of winning congressional approval. Those objectives include a constitutional amendment requiring a balanced budget and a move to give the president the right to veto individual budget items.

But Mr. Reagan was unable to put his view across, even though he is believed to be in a much stronger position now than he was a month ago, when many Reagan supporters were calling for his ouster.

Nor was Mr. Buchanan able to get into the speech any stirring conservative call to arms. The president promised to keep pressing for aid to the Nicaraguan rebels and

urged that officially sanctioned prayer in schools be legalized, but he said nothing about outlawing abortion and noticeably refrained from advocating early deployment of weapons developed under his proposal for an program to shoot down attacking missiles.

Since November, Mr. Reagan has seemed to be on the defensive, and his prostrate surgery earlier this month kept him out of the public eye for an unusually long period. People were anxious, as Mr. Kluchin himself said a few days ago, "to see how the wizard is doing."

The consensus Tuesday among politicians in both parties was that the president had not regained the initiative, and if that proves true, the outlook is for an even more rapid ebbing of the administration's power than is customary in the final two years of a two-term presidency like that of Mr. Reagan.

But in the end the president's wife, Nancy, who preferred the version prepared by Mr. Kluchin, prevailed, the officials said.

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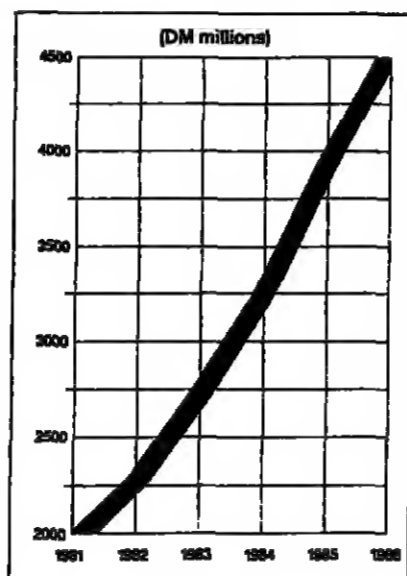
Information for the Shareholders
of Nixdorf Computer AG

Nixdorf Creates Capital For The Future

Capital Growth Resources

Nixdorf attained its growth target in 1986 by lifting revenue 15 per cent to DM 4.51 billion. But for adverse currency movements affecting the conversion of foreign sales into D-Marks, revenue would have increased by 21 per cent. So for yet another year, Nixdorf again outpaced the industry average.

Our objective in 1987 is to stay firmly on the growth path. With orders on hand totalling more than DM 4.43 billion, we're off to a very good start. As the year began, orders on hand were up by 13 per cent on the level a year ago. This figure was also affected by adverse currency movements. In preparation for ongoing expansion, we again kept



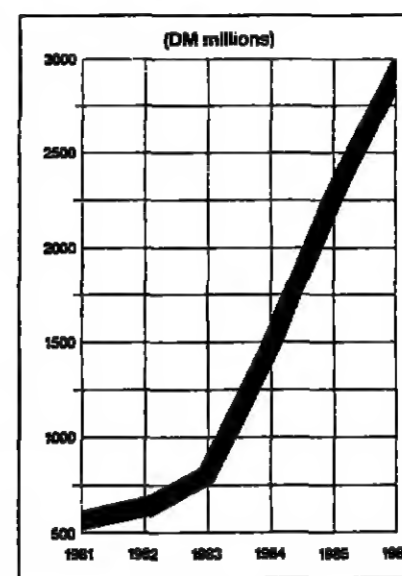
capital expenditure high in 1986: Besides recruiting and training an additional 2,300 personnel, we invested DM 600 million in fixed assets, and DM 420 million in research and development.

Capital Financial Resources

Pursuing growth on a firm financial base has always been a Nixdorf principle: Our equity ratio of more than 60 per cent says everything. Our financial resources allow us to continue business expansion while retaining our independence.

That's one advantage. Another is for you the customer to ponder: after all, this exceptional financial base is also an assurance that Nixdorf is a dependable, long-term partner who will stay with you into the future. We nurture this partnership by sustained and substantial capital investment in fixed assets, research and development, and ongoing training of our people.

We intend to seize every opportunity for expansion in

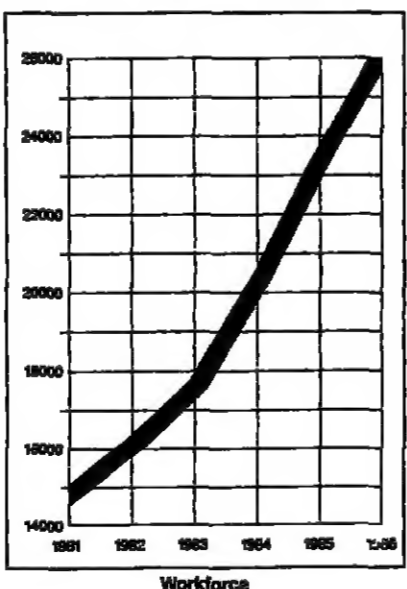


our established markets, while opening up additional revenue sources in new growth markets: With innovative applications like CAD/CAM solutions and telecom products.

Capital Competitive Resources

People are our most important asset. Our competitiveness depends essentially on their skill and commitment. This explains why we invest so heavily in personnel training. We have to: 7 out of 10 of our workforce of 25,600 people are employed on customer support activities, where their qualifications make all the difference. We're also deeply committed to vocational training for newcomers to the industry: in 1986, the number of Nixdorf trainees rose by 23 per cent to 1,800.

This year, we plan to take on another 2,000 personnel, chiefly to consolidate Nixdorf's traditional strengths in customer service and software development. If there's one single attribute that gives us the edge over the competition, it's our dedication to meeting customer requirements. It's this that guarantees Nixdorf users a lasting and successful partnership.



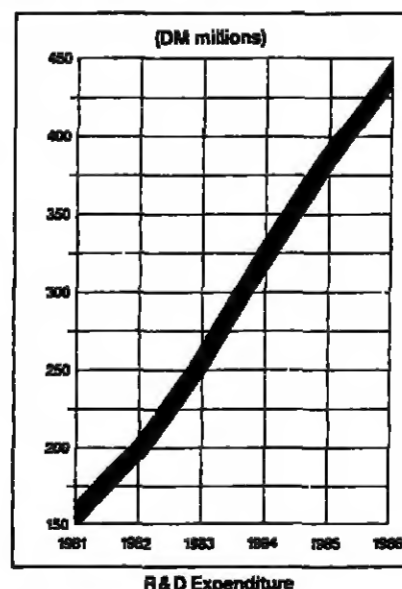
Another of our competitive strengths is our in-depth knowledge of vertical industries. As a 'general contractor' for information technology solutions, this industry expertise gives us the ability to understand every customer's business and offer each a system suited to their needs. Our aim is to become Europe's Number One system supplier providing users with total solutions, complete with hardware, software and comprehensive services.

Capital Innovative Resources

Converting new technologies into innovative solutions is a Nixdorf tradition. And this is based on a long-standing company commitment: to provide the end-user with all the benefits of computer power.

Nixdorf takes 'raw material' chips, for example, and customises them creatively to provide end-users with information technology in the form of future-oriented systems. These systems extend the power of the computer to include word processing, graphics and voice communications; they encompass multifunctional terminals and database applications for integrated information processing in the office or factory.

With its innovative resources, Nixdorf is furthering the convergence of computer and communications technology, and accelerating



the emergence of new and better telecom services: With products like ISDN-capable PABXs, digital telephone systems, videotex terminals and broadband switching systems for the German PTT.

Our R & D expenditure in 1986 amounted to more than 9 per cent of revenue.

Southern Units Quit The Contra Alliance

By Richard Boudreaux and Doyle McManus
Los Angeles Times Service

SAN JOSE, Costa Rica — Commanders of Nicaraguan rebel groups operating in southern Nicaragua have announced their withdrawal from the United Nicaraguan Opposition, the U.S.-sponsored alliance of rebel groups, citing dissatisfaction with the way the coalition has been run.

Also on Tuesday, sources close to Arturo José Cruz, one of the organization's three directors, said he had decided to resign from the alliance because he believed that

the group was unfairly dominated by the largest and most conservative rebel group, the Nicaraguan Democratic Force.

A second leader of the rebel alliance, Alfonso Robelo Calles, also complained publicly Tuesday about the Nicaraguan Democratic Force. He charged that it was attempting to take control of the entire rebel movement.

"An alliance requires a minimum of cooperation," Mr. Robelo said. He said that since rebel commanders operating in southern Nicaragua "have seen no cooperation, they see no sense in staying in the alliance."

Other officials said that his comments referred to the small amount of U.S. aid that had been allotted to the faction.

The withdrawal of the rebels operating in southern Nicaragua, known as the Southern Front, from the alliance is a severe blow to the rebels' prospects, according to rebel officials. The officials said it means that those units, with as many as 2,300 troops, will no longer coordinate military strategy with the larger Nicaraguan Democratic Force, which fights mostly in northern and central Nicaragua.

Along with Mr. Cruz's reported plans to resign, it also means that the rebels, who are known as contras, no longer can claim to speak with a unified political voice. This was one of the Reagan administration's sins when it pressured the rebels to set up the United Nicaraguan Opposition in 1985.

The seven commanders of the Southern Front announced their decision in a communiqué signed Saturday in southern Nicaragua and distributed Tuesday in San José. It said they would keep fighting Nicaragua's leftist government "in an independent way."

The commanders said they had been promised "immediate and massive military aid" from the United States when their army was formed in May 1986 and joined the rebel alliance, but that "the promises were not fulfilled."

"We have become the victims of deception and an attempt to destroy the southern forces," they added.

The rift between Mr. Cruz and Mr. Calles has been growing for two years, and Mr. Cruz has threatened to resign from the alliance at least twice before. But several close associates said that Mr. Cruz appeared genuinely set on leaving this time.

Mr. Cruz, a moderate who served in the Sandinista government immediately after the 1979 revolution in Nicaragua, is highly respected in the U.S. Congress and elsewhere outside Nicaragua.

The third leader of the rebel alliance, Adolfo Calero Portocarrero, the head of the Nicaraguan Democratic Force, refused to respond directly to his colleagues' complaints.

"We are part of a democratic alliance," he said through a spokesman, "and we discuss issues within that alliance."

In Washington, a State Department official said that the Reagan administration was concerned and was working to heal the rift.

The official said that the complaints of the Southern Front commanders about the lack of U.S. aid "can and will be rectified shortly."

The broader issue of how the guerrilla movement is organized, he said, "may take a bit more time."

The issue is important in the U.S. Congress, where an administration request for \$105 million in military aid for the rebels is to be debated this year.

Both Democrats and Republicans in Congress have urged the contras to broaden their political appeal. The conservative Nicaraguan Democratic Force has largely dominated the contras' political and military efforts. Its leadership includes several former supporters of Anastasio Somoza, the Nicaraguan dictator who was overthrown in 1979.



President Ronald Reagan greeting the speaker of the House, Representative Jim Wright of Texas, before the State of the Union address. At left is Vice President George Bush.

Reaction to Reagan: Sharply Partisan

Democrat Feels 'Lack of Respect,' but Republicans Cheer

By Linda Greenhouse
New York Times Service

WASHINGTON — President Ronald Reagan's State of the Union address has provoked a congressional response that was more sharply partisan than veteran members of either party can remember.

"It was the most polarized Congress I've watched listening to a presidential speech in 27 years in Congress," said Senator Robert T. Stafford, Republican of Vermont, as he emerged Tuesday night from the chamber of the House of Representatives.

At numerous times in the speech, Republican senators and representatives were on their feet cheering while the Democrats sat, motionless.

"As far as Congress goes, the days of rhetoric have passed, and this is why you saw that reaction," Senator Edward M. Kennedy of Massachusetts said in explaining the silence of his fellow Democrats.

Representative Tony Coelho of California, the House Democratic whip, said he was struck by the "lack of respect in the chamber."

He added: "The Republicans were trying to do rah-rah, and as a result the decorum deteriorated."

The Republicans overreacted, Mr. Coelho said, and this "made the Democratic nonreaction bigger."

Republicans cheered and Democrats sat silently when the president took "full responsibility" for the Iran arms affair and when he urged continued support for the Nicaraguan rebels, known as contras.

When Mr. Reagan declared that "the federal deficit is outrageous," the Democrats leaped to their feet along with the Republicans. But the Democrats quickly sat down, some with audible groans, when Mr. Reagan went on to call for a

constitutional amendment to require a balanced budget.

After the speech, Democratic congressional leaders portrayed their party as willing, in principle, to help rebuild a weakened presidency but at the same time expressed skepticism about Mr. Reagan's competence and policies.

Jim Wright of Texas, the speaker of the House, and Robert C. Byrd of West Virginia, the Senate majority leader, shared the Democratic response, addressing a nationwide television audience. It was the first time in the seven years that the Democrats have been responding to Mr. Reagan's State of the Union addresses that the party's response was not prerecorded, at least in part.

Tass Criticizes Reagan's Speech

MOSCOW — The official Soviet press agency Tass accused President Ronald Reagan on Wednesday of delivering a "torrent of anti-Soviet attacks" in his State of the Union address to Congress.

Tass said in a dispatch from Washington that Mr. Reagan had welcomed constructive relations with Moscow in the speech. But it added: "His positive calls for improved Soviet-U.S. relations were essentially drowned in a torrent of crude anti-Soviet attacks."

The agency said Mr. Reagan presented a "distorted picture" of his October meeting with the Soviet leader, Mikhail S. Gorbachev, in Reykjavik, Iceland. Possible agreements between Mr. Gorbachev and Mr. Reagan failed to materialize, said, "I thought the tenor was absolutely right, but the substance was lacking."

Not all Republicans were equally enthusiastic, however. Representative Jim Leach of Iowa, a moderate Republican who sits on the House Foreign Affairs Committee, said, "I thought the tenor was absolutely right, but the substance was lacking."

Mr. Leach said he was disappointed that the speech did not contain more specifics about the administration's plans to improve relations with the Soviet Union.

Pretoria Ends Ban on Film

JOHANNESBURG — South Africa has lifted a 38-year ban on a film commissioned by Joseph Goebbels, the Nazi propaganda chief, allowing the anti-British movie to be screened nationwide, its distributor said Wednesday.

Italo Bernicchi, owner of a movie house, said "Ohm Paul Kruger," or "Uncle Paul Kruger," which was banned by the government in 1949, was cleared Tuesday by government-appointed censors.

Mr. Bernicchi received special permission to show the film for two weeks at his movie house before it begins its nationwide run. He said he expected it to play to packed houses in conservative Afrikaans-speaking towns.

The film depicts British atrocities against Afrikaners during British colonial rule.

Paul Kruger led Dutch-descended Afrikaners in the Boer War against British rule at the turn of the century. He fled to Switzerland after his forces were defeated in the three-year conflict.

Cleric Jailed In Venda Cites Threat

By Denis Herbst
Special to the Herald Tribune

LONDON — A black Lutheran leader detained without charge in a South African homeland since Nov. 22 has expressed fears to his wife that his life is in danger.

In a letter smuggled out of prison, Dean Simon Tshenaniwa Farisani, 39, said his life had been threatened by a police interrogator who he said had tortured him during an earlier detention in the black homeland of Venda.

In the letter, Mr. Farisani said that on the day of his arrest the man told him, "We shall close your mouth once and for all."

He reported the threat to a visiting magistrate, he said, but it is not known if any action was taken.

Amnesty International, which released the letter Wednesday, gave no indication how it reached his wife, Regina Farisani. The human rights organization called on the South African authorities to protect Mr. Farisani. Venda is nominally independent but is only recognized by South Africa.

The letter was written Jan. 7 when Mr. Farisani was ending the first week of a hunger strike.

There were reports last week of his being taken to a Venda hospital in a wheelchair.

In the letter Mr. Farisani assured his wife that, except for the possibility of dying from his hunger strike, he would not commit suicide. This was an apparent reference to statements by the South African government that several political prisoners had taken their lives while in solitary confinement.

Mongolia Claimed by Taiwan
Agency France-Press

TAIPEI — Taiwan issued a statement claiming sovereignty over Mongolia on Wednesday, a day after Mongolia and the United States established diplomatic ties. It said the Mongolian People's Republic was a product of the Chinese-Soviet Treaty of Friendship and Alliance signed in 1945, but that the treaty was abrogated by Taiwan in 1953.

U.S. Dispute Over Thule Radar Stirs Copenhagen

By Michael R. Gordon
New York Times Service

WASHINGTON — A dispute among U.S. arms-control experts over a new early warning radar in Greenland, which is Danish territory, has spilled over into Denmark.

The United States has been helping the Danish government counter allegations that construction of the radar violates the 1972 Anti-Ballistic Missile Treaty.

The radar is supposed to replace an older installation at Thule, Greenland. The United States also plans to replace a radar on the Yorkshire coast of England.

Some arms-control specialists contend that the ABM treaty does not allow the deployment of new early warning radars of this type outside of the United States and the Soviet Union.

The Americans contend that the United States is not deploying new radars, but modernizing old ones. These arguments have also been presented in the Danish press.

Raymond L. Garthoff, one of the U.S. negotiators of the 1972 treaty, has been quoted by Danish news organizations as raising questions about the legality of the new radar. Mr. Garthoff said he had told the Danes that Article 6 of the treaty limited new radars to the periphery of the national territory.

The Danish press has also referred to a U.S. position paper of 1971 saying that the United States would not be able to replace its existing radars in Greenland and Britain with new large phased array radars, which use advanced computers and electronics to track missiles.

The United States contends that the paper has no legal significance because it was never communicated to the Soviet Union.

Last week, the Danish press took note of a statement by the U.S. Air Force that also raised legal questions about the Greenland radar. The statement, submitted in 1980 to the Senate Armed Services Committee, said the air force had initially rejected the idea of building the Greenland radar, partly because of "potential ABM treaty conflicts."

The air force later changed its mind, and its early statement had been generally overlooked until recently.

In Denmark, the Socialist People's Party and the Left Socialist Party have been pushing the radar issue, calling for an independent commission to look into it. The larger Social Democratic Party, an opposition party that makes up about a third of the parliament, has been more cautious.

U.S. Assurance Cited
Foreign Minister Uffe Ellemann-Jensen said Tuesday that the United States had assured Denmark that modification of the radar was not in violation of the ABM treaty, The Associated Press reported from Copenhagen.

"The U.S. government has assured Denmark of its intention to uphold the ABM treaty," Mr. Ellemann-Jensen said in a statement issued after a closed meeting of the parliamentary foreign affairs panel.

"In particular, the Americans have declared that they neither could nor would test the Thule radar in an ABM context," the minister said.

Speaking on television after Tuesday's meeting, a Left Socialist member of parliament, Pelle Voigt, said he was not satisfied with the minister's report, and he called on the government to publish what he called "the facts" about Thule.

Mr. Farisani said there was no political significance to his meeting, but delegates said the fact that they met, embraced and chatted signaled a reduction in Syrian-Egyptian tensions.

Mr. Assad went on to denounce any Arab nation with ties to Israel in a speech that showed no signs of a change in Syria's position.

Iraqi Planes Attack 7 Cities in Iran
Reuters

MANAMA, Bahrain — Iraqi jets attacked at least seven Iranian cities, an oil-export terminal and two supermarkets Wednesday as one of Tehran's leaders hinted that a new Iranian ground offensive was imminent.

Iran resumed artillery bombardment of Iraqi border towns, from Basra in the south to Sulaymaniyah in the north, after a 24-hour lull in Iraqi air raids. The Iraqis claimed they had killed or wounded another 1,500 Iraqi soldiers in fighting near Basra.

In Washington Tuesday night, the U.S. secretary of state, George F. Shultz, told a Senate committee: "We have repeatedly warned Iran that any extension of the conflict would be regarded as a major threat to U.S. interests."

An administration official said U.S. missile destroyers that normally patrolled the southern Gulf had moved "a little bit farther north."

Israeli jets flew a long-range mission Wednesday against Iran's makeshift terminal at Larak Island at the mouth of the Gulf, hitting the 176,000-ton tanker Dena, used to store Iranian crude oil.

Three hours earlier, Iraqi jets set ablaze a Greek supertanker in the middle of the waterway.

Shipping sources said the 105,422-ton Greek supertanker Tactic was attacked off the Iranian coast north of Qatar. There were no immediate reports on casualties or the extent of damage.

Hashemi Rafsanjani, the speaker of the Iranian parliament, was asked at a news conference in Tehran

Record Cold, Snow Bring Washington to Standstill

United Press International

WASHINGTON — Record cold numbed the U.S. capital Wednesday, and government workers were given the option of staying home in the aftermath of back-to-back winter storms.

The temperature dropped to minus 25 degrees centigrade (minus 13 degrees Fahrenheit), a record, at Washington's Dulles International Airport in northern Virginia, the National Weather Service said.

A winter storm ranked as the worst to hit the Northeast in four years dumped eight inches (20 centimeters) of snow on Washington on Jan. 22, closing area schools and government offices through Friday. A second storm that dumped 12 more inches on the city Sunday and Monday kept students and workers home through the first three work days of this week.

The transit authority for the sixth day in a row reported extensive delays throughout its electrified rail network, and miles of above-ground track were out of service because of low temperatures, equipment failure and the lack of a de-icing system.

Transit police were ordered to maintain crowd control at subway stops while station attendants stopped commuters, some of whom waited for as long as four hours to catch trains, from entering tunnels.

The federal government announced Tuesday that money would be allocated for the purchase of de-icing equipment for the subway system.

In the East, record lows were set Tuesday at several places in Virginia, New York, Maryland, Delaware and Tennessee.

Iranian Shows Bible Reagan Allegedly Sent

The Associated Press

TEHRAN — Hashemi Rafsanjani, the speaker of Iran's parliament, flourished on Wednesday the Bible he said was sent to Iran by President Ronald Reagan. He said Mr. Reagan was courageous but had been undercut by political rivals.

Mr. Rafsanjani displayed the leather-bound "Open Book Bible-Expanded Edition" at a news conference, holding it open to the title page. The page bore a handwritten verse, Galatians 3:8, what apparently was Mr. Reagan's signature and the date Oct. 3, 1986.

The speaker of the Majlis said that the Americans tried most recently about a month ago in Frankfurt to renew contact through Iran's arms dealers. He said that a "Mr. Dumber" of the U.S. State Department was one of the members of the delegation involved and that Iran rejected the initiative.

"I think the time is not right for talks or discussions with the United States," said Mr. Rafsanjani, who

is considered the second most powerful man in Iran after the revolutionary leader, Ayatollah Ruhollah Khomeini.

Mr. Rafsanjani said Mr. Reagan showed courage in seeking better relations with Iran and in saying there was no evidence that Iran was responsible for any terrorist acts in the past year and a half.

But he said the president was old, weak, in poor health and unable to counter unspecified rivals in his Republican Party.

"He acted weakly and has been defeated," Mr. Rafsanjani said. He displayed a photograph of the false Irish passports he said were carried by Robert C. McFarlane, the former U.S. national security adviser, and other Americans on their secret visit to Tehran in May 1986.

One passport had Mr. McFarlane's picture, but gave his name as Sean Devlin. The passport said he was born in Dublin on Aug. 14, 1937, and lived in Ireland.

5 Arab Countries Make Effort at Reconciliation
Reuters

KUWAIT — The leaders of five Arab countries from both moderate and radical camps met Wednesday to try to overcome differences as a spirit of reconciliation prevailed at the Islamic summit meeting here.

Sources said the leaders of Kuwait, Saudi Arabia, Jordan, Algeria and Syria met for two hours during a break in the meeting of the Islamic Conference Organization.

The trilateral gathering was to have ended Wednesday night, but delegates said it had been extended to Thursday.

Kuwait has been trying to move Arab leaders toward a full meeting of heads of state. Such a meeting has eluded them because of inter-Arab conflicts.

The summit meeting already has been the stage for an encounter between President Hosni Mubarak of Egypt and one of his harshest critics, President Hafiz al-Assad of Syria.

A Syrian spokesman said there was no political significance to his meeting, but delegates said the fact that they met, embraced and chatted signaled a reduction in Syrian-Egyptian tensions.

Mr. Assad went on to denounce any Arab nation with ties to Israel in a speech that showed no signs of a change in Syria's position.

Israeli Held as Spy Still Refuses Food
New York Times Service

JERUSALEM — The jailed nuclear technician accused of passing Israeli atomic secrets to a London newspaper has refused to end a hunger strike, a friend said.

Mordechai Vanunu had said he would end his hunger strike, which began to protest prison treatment, if he was allowed to see an American friend, Andy Zimmet. But she said that he decided Tuesday to continue his fast after being permitted to exchange notes with her through a partition but not to

DEATH NOTICE
Hugh M. NEWNHAM, former Paris-based overseas manager of the New York Herald Tribune Syndicate 1953-63, died at 72, Jan. 26, at his home in Sussex, England.

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MILAN EXCLUSIVE ESORT

New Inquiry Planned for Palme Case

STOCKHOLM — The Swedish government, faced with a growing dispute between the police and prosecutors seeking the killer of Prime Minister Olof Palme, yielded Wednesday to opposition pressure and announced a parliamentary inquiry into the case.

"We have agreed that a parliamentary inquiry should look into the circumstances of the investigation," Mr. Palme's successor, Ingvar Carlsson, said after meeting with the leaders of the opposition.

Earlier this week, all three leaders in the center-right opposition coalition called on Mr. Carlsson to set up a political inquiry after an argument broke out between Stockholm's police chief, Hans Holmér, and prosecutors assigned to the case.

Mr. Carlsson declined to comment on radio reports that a plan had been discussed by the party leaders to remove Mr. Holmér and the chief prosecutor, Claes Zeime, from the inquiry. Mr. Zeime is on leave because of illness.

Political sources said the new inquiry was a final attempt by Mr. Carlsson to stop the feud.

They said the inquiry would be aimed at trying to restore the image of the country's police force, which has suffered badly from the public quarreling and the failure to find



Lisbeth Palme, the widow of Olof Palme, presenting a book on her husband to India's foreign minister, Narain Dutt D. Tiwari, after a ceremony in New Delhi in which a road was named after Mr. Palme, murdered 11 months ago.

the gunman who shot Mr. Palme to death 11 months ago.

The bickering intensified after the police descended on Sweden's Kurdish community and detained 20 persons suspected of having links with the extremist Kurdish Workers Party.

Mr. Holmér, who has consistently

claimed the involvement of the Kurdish group in Mr. Palme's murder, said that three of the detainees were suspected of being accomplices in the killing.

Hours later, Mr. Zeime announced the release of the detainees and said the Kurdish trail had gone cold.

In Indonesia, Questions on Length of Suharto's Rule

By Barbara Cressette
New York Times Service

JAKARTA — When President Suharto announced last fall that he would seek a fifth term in office in 1988, he focused attention on a question that cannot be publicly debated in Indonesia: How long can — or should — he stay in power?

"This president could have gone down in our history as a demigod," said Slamet Bratanata, a former government minister, reflecting the opinion of those who think it is time for a change. "Instead we have the tragedy of a man becoming a hostage to power."

The head of Mr. Suharto's political party says there will be no discussion of succession until "after 1992," a year before the end of his fifth term.

By then, Mr. Suharto, whose power base rests on traditional Indonesian deference to kingship, a sophisticated political machine and the armed forces, would have been president for more than a quarter of a century.

Mr. Suharto, 65, has reshaped Indonesia, a once-volatile nation, into a country closer to his own image: withdrawn and conservative.

Some people who know him — a small circle that generally excludes foreigners — try to draw parallels between his personality and that of the U.S. president, Ronald Reagan. Mr. Suharto's beliefs, formed early, are firmly fixed. He is socially tra-



Suharto

ditional, and strongly and instinctively anti-Communist. He reads little.

But comparisons with other leaders have little meaning because Mr. Suharto's character is deeply rooted in the singular, mystical society of the island of Java, his birthplace.

"The president had only a few years of school," Mr. Bratanata said. "If you bring him parables from the wayang, he can understand you," he added, referring to Javanese puppet theater.

"It's not that we don't have enough parables and legends," he said. "It's just that they are getting out of date."

Mr. Bratanata is a member of the Petition of 50 group, named for a proposal in 1980 by a dissident organization of military officers, former civil servants and Islamic leaders. They asked for more democracy and alleged that Mr. Suharto was using the military for political purposes.

Mr. Bratanata is among those who believe that Indonesia must begin putting a new generation of leaders into place now if the country is to continue to develop. They question whether Mr. Suharto, whom Mr. Bratanata described as "a simple man," can complete the task.

A political scientist said of Mr. Suharto, "The president is very much the product of an old Javanese way of life." He was born into poverty and raised a neglected child in a large family. As president, he remains most sympathetic to the demands of his children and the needs of the rural poor.

"He is not like other Indonesian leaders who prepared themselves for world exposure," said the political scientist, who was once a student dissident. "He was not like Sukarno, who always knew that one day he would be leader of the country."

The example of former President Sukarno apparently had a strong negative effect on Mr. Suharto, in-

donesian scholars say. Mr. Sukarno was a spellbinding nationalist and internationalist who helped to found the Nonaligned Movement

and who was, as its leader, prepared to take on the industrialized nations. Mr. Suharto gradually pushed him from power in the mid-1960s, amid a violent purge of supposed leftists, many of them ethnic Chinese.

An old acquaintance of Mr. Suharto said the president preferred a cautious, step-by-step approach to government. He listens both to Western-educated technocrats and to Javanese spiritual advisers while waiting for things to happen "in their own time."

Mr. Suharto is credited by critics and admirers alike with remarkable achievements in stabilizing and developing Indonesia, a former Dutch plantation colony and now a country of more than 165 million people.

Secessionist movements have largely collapsed. There is self-sufficiency in food. Schools and health centers have opened and the rate of population growth has been cut.

But younger Indonesians, a significant number educated in the West, say they are alternately apathetic and impatient with government, which curbs political dissent and limits economic opportunity by failing to end corruption and bureaucratic inefficiency.

Mr. Bratanata said that the young, who sacrificed civil liberties in the name of stability and nation-

al unity, now ask why, when the dangers of unrest seem to have receded, the limits of expression stay in place.

General-circulation newspapers are censored, often by their editors, to avoid being closed.

Some military officers are reported to be concerned about patronage as the president's family and friends build up lucrative monopolies in many areas of the economy. The activities of Mr. Suharto's three sons and one of his three daughters are now "beyond control," a businessman said.

Because Mr. Suharto has brought stability to Indonesia, he is backed by the United States, and this is beginning to alienate Indonesians, some say.

"Indonesians are basically anti-Communist," said Adi Sasono, an Islamic scholar. "But anti-Communism and pro-Americanism are two different things."

Urban Moslem intellectuals, liberal and Americanized, are turning against the United States," he said.

Suriname Firm Is Attacked

PARAMARIBO, Suriname — Guerrillas have forced the Suriname Aluminum Company to halt work at its aluminum refinery by destroying two power pylons and damaging a third, the official Suriname News Agency reported on Wednesday.

Afghan Rebels Say War Continues Despite Truce

By Steven R. Weisman

New York Times Service

PESHAWAR, Pakistan — Almost two weeks after the Afghan government declared a cease-fire, guerrilla leaders say that fighting persists throughout Afghanistan, and that there has been no trace of a return by refugees.

Spokesmen for the insurgents and American and Pakistani officials said there also was no sign of any willingness by guerrilla leaders to share power with the Communists, as proposed early this month by the Soviet-backed Kabul government.

In Peshawar, a frontier city, and all along the Afghan border, guerrilla leaders have been touring refugee camps, making speeches and handing out leaflets to persuade Afghans not to take seriously the Jan. 15 Kabul cease-fire.

"We've been working day and night to tell them this is a trick," said Qariour Rahman Saeed, chief spokesman for Hezb-e-Islami, the largest guerrilla group. "Some of the refugees might have been hopeful at first that they could go back, but they now realize, and they are not going."

Nonetheless, American and Pakistani officials were said to be carefully watching events in Afghanistan after the Kabul initiative, especially the declaration by the Communist leader, Major General Najibullah, favoring a political "reconciliation" in Afghanistan that would permit the withdrawal of about 120,000 Soviet troops.

"We have all agreed to probe Soviet intentions with prudence and patience," said Deane R. Hinton, the United States ambassador to Pakistan. He and other officials added that the United States and

Pakistan still would insist that Moscow first agree to withdraw its troops within a few months.

In addition to the call for a cease-fire, Kabul invited the leaders of "armed groups" to take part in running the country.

In speeches on Kabul radio, General Najibullah pledged to grant amnesty to guerrilla leaders, preserve Islam as the national religion and set up a series of "reconciliation commissions" throughout the country with non-Communists in leadership roles.

But a few days after the cease-fire began, the seven major Afghan guerrilla groups held an unusual joint rally in Peshawar and rejected all the Soviet-Afghan proposals.

So far, the hard line against the Najibullah initiatives appears to command virtually total support among rival guerrilla groups, whose mutual animosity in the past sometimes has led to fighting between them inside Afghanistan.

Insurgency leaders said that the fight against the Russians has continued throughout the country, with guerrillas attacking Soviet installations and convoys and Soviet soldiers responding with artillery, shelling and aerial bombardment.

"The cease-fire has never been in effect," said Syed Bahauddin Majrooh, director of the Afghan Information Center. He said that rebel attacks and Soviet retaliations had increased since Jan. 15 in Paktia Province and near the cities of Jalalabad, Kandahar and Herat, and in the southern outskirts of Kabul.

Other spokesmen said the insurgents had shot down at least one jet plane and destroyed tanks, and that while the Russians had retaliated they had mounted no major offensives.

Lagos Tells Embassies to Move by '89

Reuters

LAGOS — Nigeria has surprised diplomats in Lagos by asking them to move their embassies by 1989 to Abuja, the planned new capital, which is still in an early stage of construction, diplomats said.

In a brief note sent to embassies last week, the Foreign Ministry said the federal government would be moved to Abuja by 1989 and expected the foreign missions to be there by the same date. Abuja is about 500 miles (800 kilometers) northeast of Lagos.

The announcement appeared to

take the large diplomatic community in Lagos by surprise, as the deadline was far shorter than their previous estimates.

The multibillion-dollar Abuja project was begun in 1976 but the sharp decline in Nigeria's oil income and four changes of government have caused constant delays.

Lagos is close to the heartland of the Yoruba people, one of Nigeria's three dominant ethnic groups. Advocates of the project have contended that Abuja, which was historically inhabited by a tiny minority group, would be free of any tribal association.

Every status has its symbol.



Lufthansa

DOONESBURY



Herald Tribune

Published With The New York Times and The Washington Post

An Economic Tinderbox

Leaders in Western Europe and Japan have a good idea of what must be done to right the yawning imbalances in world trade and money flows. Thanks to subtle signals from U.S. Treasury Secretary James Baker, they are also beginning to understand the dangerous consequences of continuing inaction. But this does not mean that the group of five, meeting early next month, can achieve an agreement with teeth. For in each country there would be powerful economic interests. That is something that none yet dare challenge. Japan and Europe sell America about \$100 billion more in goods and services each year than they buy. They have kept the process going by lending the difference — in part because individuals and corporations see no better place to invest their savings, in part because their governments are eager for American markets.

Americans get computer chips and champagne in return for handsomely engraved certificates. If Japan and Europe are foolish enough to consider it a fair trade, why is Mr. Baker trying to change their minds?

Several reasons. Those certificates — Treasury bills, stocks, mortgages — are claims on wealth that must some day be repaid, or be depreciated away in a general inflation that would hurt Americans as much as foreign owners of dollars. A second worry is that Congress will head the pleas of American businesses and erect far tougher barriers to imports. Weak industries would be protected, reducing American productivity and living standards.

The immediate threat is that foreigners will cool to new dollar investments and rush to other currencies. No one knows what would happen in a crisis, with holders of trillions of dollars heading for the exits. But almost everyone would expect a world recession causing great, lasting damage.

That is why many analysts cheered when Mr. Baker talked down the dollar by a few points. He demonstrated the vulnerability of Japanese and European export interests and the risks of holding hundreds of billions in dollar-denominated assets. But analysts and leaders alike realize that to avoid a real crisis, Japan and Europe must absorb more of their own productive capacity by stimulating internal demand. For its part, America must reduce its thirst for foreign capital by reducing the budget deficit.

This is, more or less, what leaders of the big five have already agreed to do. But no one is in a hurry to be first with tangible policy changes. Cutting the U.S. budget deficit is obviously difficult, particularly with a president hostile to tax increases. And while spending more at home may not seem as difficult as belt-tightening, weak governments in Japan, West Germany, France and Britain have no taste for taking on their exporters' lobbies. The world economy crackles, dry and dangerous, as Washington, Tokyo and Bonn fiddle.

— THE NEW YORK TIMES.

A Democrat in Manila

On the left, zealous thirst for martyrs and shootings, the stuff of revolution. So what does the president of the Philippines do? She opens her palace to fist-shaking demonstrators and orders her cabinet ministers to greet them in an arm-linked human chain of bureaucrats, businessmen, students and nuns. One can hear revolutionaries fuming at this strategy, so obviously calculated to win votes in next Monday's plebiscite on the constitution framed by Cory Aquino's year-old government. One can hear the right-wing reactionaries as well, bemoaning their adversary's failure to produce chaos.

Last Thursday the police fired into a crowd of 10,000 demonstrators, killing 18 and wounding scores. That was the usual way of dealing with protesters during the Ferdinand Marcos era. Indeed, the shootings occurred at the scene of bloody anti-government riots in 1983. But Mrs. Aquino refused to play by the old rules. She admitted error and ordered an inquiry.

To those on the right, holding the military accountable for such offenses is akin to treason. In the Marcos era soldiers were above the law, even when Benigno Aquino returned to Manila's airport in 1983 to his death. Doubtless nostalgia for those good old days ignited this week's attempted coup, in which anti-Aquino troops scream-

ing "Marcos Forever!" seized a television station and tried to capture an airfield. The mutiny was quickly contained by the supposedly feeble Aquino regime.

There may be plenty to criticize about Mrs. Aquino. Perhaps she is mistaken in believing she can negotiate peace with Communist guerrillas; yet she is right to try, carefully. Perhaps she is wrong not to have honored pledges of land reform; maybe this will come after next week's vote.

But her achievements cry out for applause. The Philippine Republic is now the liveliest democracy in Asia; more remarkably, the armed forces are committed to upholding that freedom. For this she shares credit with General Fidel Ramos, the chief of staff, and a superlative defense minister, the retired General Rafael Illo.

A decisive victory for the new constitution would give momentum to the democratic cause and confirm Mrs. Aquino's title as president until her term expires in 1992. Hence the frantic attempt by far left and right alike to discredit her by blaming her regime for the disorder that each is trying to provoke. Their schemes might succeed if only Mrs. Aquino played by the rules. Her refusal to do so marks her as a real revolutionary, a genuine original and a democrat.

— THE NEW YORK TIMES.

President Aquino seems to have survived a second coup attempt, but the sequence cannot fail to hurt her at a time when her authority was taking a battering and she needed every ounce of political strength at her command. The coup was evidently launched by soldiers of the same military clique that acted in July; it has links to the exiled former president, Ferdinand Marcos, and to the ousted former defense minister, Juan Ponce Enrile. Again Chief of Staff Fidel Ramos saved her. Again the fragility of Philippine democracy was underlined.

In recent days two other hard blows have fallen on Mrs. Aquino. Somehow — by accident? by leftist provocation? by rightist conspiracy? — government troops fired into advancing demonstrators, killing a dozen or more and raising precisely the specter of war vs. people that had darkened the rule of Mr. Marcos. Then political rivals released tapes of wiretapped telephone conversations in which Mrs. Aquino, speaking with aides, seemed to be breaking a pledge not to tamper with the supposedly independent constitution-writing commission, as if she was acting to carry U.S. favor on the sensitive issue of nuclear banning.

The demonstrators who were fired upon

were demanding that land reform begin with distribution of lands owned by Mrs. Aquino's family. The main body of Philippine insurgents recently entered a brief cease-fire, and the shooting gave them cause to ask who controls the armed forces. The cease-fire is due to expire on Feb. 8. Already on Feb. 7, however, a plebiscite is to be held on the new constitution. Dealing with the insurgency and putting democracy on a firm legal basis are vital national interests for which Mrs. Aquino needed every political resource available to her.

Americans have tended to see Philippine politics as a morality play: light in conflict with darkness. A truer view might be that Mrs. Aquino represents a set of interests — democratic, represented — in contention with anti-democratic elements in one part of society and revolutionary elements in another. She did not come to office until the situation had deteriorated dramatically. There can be no premature rejoicing for the democratic cause in the Philippines. The United States has to stay alert to the limited but important ways in which it can assist Mrs. Aquino and the other democratic forces in the task of national renewal.

— THE WASHINGTON POST.

More of Kohl's Same?

The message of Sunday's West German election seems to be more of the same. Chancellor Helmut Kohl is back, if slightly chastened, for what promises to be another round of friendly oratory followed by cautious and even timid action. In other words, Bonn is unlikely to help much in making tough decisions about the international economy or East-West relations.

The tea leaves are interesting to read nonetheless. Mr. Kohl's Christian Democrats got their lowest vote since 1949. Yet he still heads a coalition with a solid 53 percent of the vote. Within the coalition, Franz Josef Strauss, the Bavarian, made probably his final bid to move to Bonn, share leadership and press foreign policy rightward. He lost, soundly. And Foreign Minister Hans-Dietrich Genscher's Free Democrats benefited from Mr. Strauss's harsh attacks; again defying predictions of their demise, they made solid gains. So did the Greens, the maverick environmentalists who say they are neither left nor right but ahead.

They seem to have put protest firmly into the West German political mainstream. Mr. Kohl's campaign pledge of "More of the Same, Germany" is likely to be borne out. All too possibly, it means not much of anything. West Germany is Europe's economic power, yet Mr. Kohl has played little of the leadership role that this implies. He has resisted pressure to push economic reform in the European Community, as well as pressure from the United States to stimulate the West German economy. He calls for better relations with Moscow and for arms control but does not push Washington to make the necessary accommodations on issues such as space-based defenses.

Voters sent the right message when they shunned Mr. Strauss and his "patriotic" emotionalism. They chose moderation, as support for the Free Democrats showed. Mr. Kohl's re-election gives him another chance to show that moderation need not be synonymous with complacency.

— THE NEW YORK TIMES.

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Editor for Asia: Michael Richardson, 5 Convent Road, Singapore 0511. Tel: 472-7768. Telex: RSS8928

Managing Dir. Asia: Malcolm Clark, 20 Collyer Quay, Hong Kong. Tel: 5-810616. Telex: 61170

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OPINION



Rails Can Lead Out of Southern African Deadlock

By Flora Lewis

LUANDA, Angola — The black countries of southern Africa are stepping up efforts to reduce economic dependence on South Africa, which uses it to assert "regional superpower" status. Most of the newly independent countries are hurting badly through a particularly unfavorable combination of circumstances: their own policy mistakes, a long drought, the price collapse of major export earners like oil and copper, and in the cases of Mozambique and Angola, the cost and disruption of guerrilla wars.

South Africa compounds their troubles to gain leverage against support for its black resistance. The key to escaping the worst of the pressure has been identified as two railways, one ending in Mozambique's Indian Ocean port of Beira, the other in Angola's Atlantic port of Benguela. They not only carry exports and supplies for landlocked countries, they were important money-earners. With both blocked or severely limited, the countries involved are obliged to rely on South African transit or vastly more expensive routes. So restoring the Benguela line and the Beira corridor to Zimbabwe has become a top regional priority.

This has political undertones. Angola, Zaire, Zambia and Mozambique have arranged a meeting of transport ministers to push the Benguela project. Zaire has ports, but Benguela is the best way to the sea for its mining products, so it is showing interest despite tensions between its pro-Western policy and Angola's ties to Moscow and Havana.

There are rumors in Luanda that President Mobutu Sese Seko of Zaire has been asked to promote a U.S.-brokered cease-fire agreement, around the

railway, between Angola and the South African-supported UNITA rebel movement of Jonas Savimbi. Angolan officials deny any interest in a deal with Mr. Savimbi, and express confidence that they will be able to secure the line militarily.

But they do say that the other countries which would benefit ought to help. They talk of preventing infiltration by UNITA from neighboring territory and of using diplomatic influence on the United States and the Commonwealth.

One sign of how touchy the subject is comes in the suggestion from the Angolan interior minister, Manuel Alexandre Rodrigues, that to the extent that U.S. arms for UNITA are going through Zaire, as reported, they must be smuggled without the permission of President Mobutu. In the circumstances, that is the utmost in tact.

The Angolan regime is opaque. Cuban-style, but there are signs of disagreement between hardliners and those who would like to probe for some way out of the stalemate. Comments from Fidel Castro's statement that Cuban troops (now some 30,000) would stay in Angola until South Africa "is liberated" provide a glimpse.

Mr. Castro stepped off in Luanda, uninvited, on his way home from September's nonaligned summit in Zimbabwe. His speech appeared to contradict the Angolan position that the Cubans would be sent home when the South Africans pull out of Namibia and give it promised independence. Mr. Rodrigues, better known by his guerrilla name of

Beirut at Your Own Risk, Not Your Government's

By Larry Pintak

ROME — West Germany arrests a suspected hijacker of TWA flight 847, and West German citizens are kidnapped in Beirut. The United States requests extradition of the suspect, and Americans in Beirut disappear. France sells weapons to Iraq, and French citizens are kidnapped in Beirut. The United States bombs Libya with planes flying from British bases, and British citizens are kidnapped and murdered in Beirut.

Recent events have proved that some Middle Eastern countries could easily do without their expensive embassies in the West. A single kidnapping ring in West Beirut is apparently much more effective than a hundred diplomats. Any time the terrorists want to blackmail a Western government, they simply grab one of that country's citizens in West Beirut.

This flow of human ammunition

must be cut off. President Reagan has warned Americans that the government of the United States can no longer protect them in Beirut. He should go further.

The president should announce that any American who goes to West Beirut is on his own — that the United States government will not negotiate for his return.

No more diplomatic mumbo jumbo about travel advisories. No more meaningless warnings that you go "at your own risk." Just plain, simple language: If you are abducted in West Beirut, you will have to get yourself out. Kidnappers who grab Americans should be prepared to feed them for a long time. The United States will do nothing.

Margaret Thatcher, Helmut Kohl, François Mitterrand and Bettino Craxi should all give the same message to their citizens.

While Terry Waite, the tireless Anglican envoy turned hostage negotiator, has been trying to win freedom for hostages, at least nine more foreigners have been kidnapped. Some 26 people from nine countries are being held against their will. At this rate Mr. Waite will have a job for life if he, too, has not been kidnapped.

There have always been valid reasons for visiting the Moslem sector of the Lebanese capital despite the risks: diplomacy, relief work, jour-

It is not possible to conduct a coherent Middle East policy as long as individuals keep jamming up the gears of diplomacy.

nalism, business. None of them are valid any longer. It is not possible to conduct a coherent Middle East policy as long as individuals keep jamming up the gears of diplomacy. Hostages are a powerful weapon against the West. Terrorists and their patrons will undoubtedly reload that weapon as often as they get the chance.

In the months before the kidnapping of Terry Anderson, an Associated Press correspondent, those of us who made up the last group of American reporters based in Beirut spent a lot of time anguishing over whether we were targets for the kidnappers. We tried to reason away the danger. The terrorists needed us around to publicize their outrages, we told ourselves: they'll leave us alone. But they didn't. Terry is living proof of that.

Other Americans were also rationalizing their decision to stay. Professors at the American University told themselves that the Lebanese wanted them there to educate their youth. The men who dragged Thomas Sutherland away obviously did not subscribe to that argument. Relief workers believed that their efforts on behalf of the needy and homeless showed that they cared. Father Lawrence Jenco found out how little that counted. We were all wrong.

But what about the poor Lebanese and Palestinians? Some people will shout, "We won't be able to give them aid, tell their story, sell their land bearings." This is a paternalistic argument that ignores the abilities of the scores of Arab and neutral Third World professionals who already carry out their duties with aplomb.

If the ego or greed of any Westerner is such that he feels that he alone can do the job, so be it. But his country's foreign policy should not have to suffer as a result.

"What about our rights?" others will ask. "We should be able to travel where we want." Agreed. No one is saying it is illegal to go to Lebanon. It is just stupid.

"The government has a duty to protect its citizens," a few will insist. In normal times and places, yes. But Beirut in 1987 is far from normal. The U.S. government also has a duty to the rest of the nation.

Get the current hostages out. Mr. Anderson and Mr. Sutherland, in particular, have been languishing in damp basements for some 20 months, since before the dangers were so clear. After they are released, they will still find ways of inflicting their particular brand of violent diplomacy in Europe or inside the United States. The difference is that it won't be quite so easy for them.

The writer, a former CBS News correspondent in Beirut, recently completed a book on U.S. involvement in Lebanon. He contributed this comment to The New York Times.

The writer is a senior associate of the Carnegie Endowment for International Peace. He contributed this comment to The Washington Post.

In Seoul, a Marcos-Style Syndrome of Inside Deals

By Selig S. Harrison

This is the first of two articles.

WASHINGTON — Will South Korea's President Chun Doo Hwan go the way of Ferdinand Marcos of the Philippines? The cases differ in many ways, but one crucial similarity helps explain why Mr. Chun faces increasingly widespread opposition. Corruption in the Korean military regime has now reached proportions that could soon rival those of the Marcos period.

Relatives of Mr. Chun's wife, Lee Soon Ja, have been tarnished by a major financial scandal, and political foes have charged that his younger brother, Chun Kyung Hwan, has links to organized crime figures.

On a recent visit to Seoul, I asked many people why a poll taken by a leading newspaper showed 86 percent of the people to be either opposed or strongly opposed to the present government and only 1.6 percent to be satisfied. Nearly everyone talked about the blatant corruption of "this dirty regime."

Corruption has been magnified by the economic boom. South Korea's annual 7 percent growth rate is in striking contrast to the near collapse of the Philippine economy during the last days of Mr. Marcos, but one key to such rapid growth is a tightly centralized economic system that has invited abuse of power by insiders.

Emulating Japan, successive Kore-

an military rulers have built an integrated network of government-supported conglomerates and affiliated banks designed to give Seoul a coordinated thrust in world markets. But unlike the Japanese business-government partnership, with its democratic controls, this close-knit Korean economic structure emerges from a police state and is inherently vulnerable to manipulation.

Leading banks and corporations were easily induced to cooperate when a finance company set up by relatives of Mr. Chun's wife concocted an audacious scheme for profiteering in promissory notes.

Borrowing \$115 million from two leading banks, the finance company made long-term loans totaling this amount to six financially pressed corporations, according to South Korean press reports. The corporations then signed promissory notes worth \$322 million. These notes were resold at this price with bank guarantees.

The plan was to light after arguments developed over the division of the \$407 million in profits. It was initially exposed by the underground press. The case eventually went to the courts but received only sketchy coverage in the controlled media.

(about 400,000 hectares) at bargain prices. The consortium reportedly grossed \$54 million in 1982 before 23 company officials were sentenced for violations of tax laws, construction codes and forestry regulations.

No direct evidence has surfaced to substantiate charges that the father-in-law or any other relatives were involved. Roh Tae Woo, the parliamentary leader of the ruling Democratic Justice Party, dismissed the corruption allegations as "greatly exaggerated." He said that there was no evidence linking the president's family with the Myungseung scandal.

But there is a widespread public conviction that someone in Mr. Chun's inner circle must have fixed the re-zoning permits and shared in the profits. Similarly, despite a lack of evidence, Mr. Chun himself was suspected after underground press reports about several companies changing ownership. These enterprises reportedly were sold or went out of business after government prosecution for tax evasion or other offenses, only to turn up later under new names in the hands of someone close to the president. Mr. Roh denied that the president's family was involved in these charges.

When Mr. Chun came to power, according to a knowledgeable source, his brother, Chun Kyung Hwan, rapidly emerged as the man to see in Seoul for favorable treatment on tax matters, government construction contracts and import licenses. He was named as director of the government's rural public works program, Saemaul, which has a \$118 million annual budget. Saemaul's failure to present a detailed budget to the National Assembly has led some legislators to question whether "Little Chun" has misappropriated funds.

On several occasions, most of them unreported, opposition members of the National Assembly say they have tried unsuccessfully to get "Little Chun" to testify. Once it was announced that he had suffered a heart attack, although a U.S. Embassy official who called to extend his sympathies found him on the golf course.

Ambassadors Don't Have to Be Rich

By John W. Tuthill

WASHINGTON — William F. Buckley Jr. contributes poorly to an understanding of the role of ambassadors and the conduct of U.S. foreign policy. ("The Ambassador's Entertainment Fund," Jan. 24.) He in effect tries to perpetuate twin myths: that ambassadors should primarily be expected to "sell the president's program" abroad; and that "rich" ambassadors are needed because government funds are insufficient to cover essential representational expenses. Both points, while widely accepted, are wrong.

All U.S. government employees must be loyal to their president and support his policies, but it does not follow that ambassadors should be mere cheerleaders.

They have a higher loyalty. They should analyze for the president, and report through the secretary of state, all essential political, economic and social conditions affecting policy issues related to their assignments. To do this they must understand the country to which they are assigned and be able to give the U.S. government their unvarnished view of the pros and cons of actual and prospective U.S. policies. They must be able to analyze the effects of various policies on short- and long-term U.S. interests.

It is not an easy task. In addition to knowing the language, culture, economy and politics of the particular country (or, in international institutions, those of the key countries), ambassadors must be serious students of U.S. national interests and of foreign affairs generally. And they must report their analysis of events and prospects fully and frankly, regardless of the possible reactions of the administration.

The last thing the U.S. government

needs is sycophants abroad who tailor their reports and actions to please superiors at home.

Mr. Buckley writes admirably of "the platoon of ambassadors" who were sufficient to cover all essential entertaining for me and my staff.

Mr. Buckley notes that James Gavin, when he resigned as ambassador to France, advised President Kennedy, "I just can't afford it." Mr. Gavin left and became chairman of Arthur D. Little. No doubt that paid better than being ambassador to France, but it does not mean that allowances in Paris are insufficient to cover essential representational expenses. Charles Bohlen, Mr. Gavin's distinguished successor, was not a "rich" man, but his performance as ambassador to France was more than successful and did not impoverish him.

I have been told that Arthur Burns, one of the outstanding political appointees of the Reagan administration and one who served in a critical embassy (Bonn, 1981-1983), says he fails to understand this enduring myth that only the rich can be ambassadors.

I will not comment on Mr. Buckley's views on the role of Ambassador Faith Ryan Whitley and her fund from private sources, aside from repeating that neither she nor any other U.S. ambassador really needs such a fund. Surely the representational demands in Bonn are not greater than those in Paris, Brussels and Rio de Janeiro.

The writer, a career Foreign Service officer, contributed this comment to The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Danger in China

PARIS — [A reader writes:] "A long familiarity with the Chinese, officials and people, and a residence in China of many years justify me in asserting that of all countries China is about the least fitted for experimentation with the republican form of government. The situation now is bad; under a republic it will be a case of confusion worse confounded. The overthrow of the dynasty and the success of the Sun-Yat-Sen clique means a period of anarchy. Then China will fall under the iron rule of some dictator or will be 'pacified' by the European Powers and Japan — i.e., dividing it up among them. The present crisis is but the prologue of a grim tragedy. You are perfectly right in urging the Powers to support the Throne and strengthen the hands of the traditionalists against the revolutionists. What is needed in China is evolution, not revolution."

1937: Trial in Moscow

MOSCOW — Andrei Vishinsky, the chief prosecutor of the Soviet Union, demanded the death sentence for the 17 defendants in the Russian treason trial [on Jan. 28]. He summed up the evidence against the accused, including Carl Radetz, journalist; Gregory Sokolnikov, former Russian ambassador in London, and 15 others who allegedly conspired to dismember the Soviet Union. "The law demands," Vishinsky said, "in the event of guilt being proved, shooting, which can be commuted only in the event of extenuating circumstances. I believe there are none. Not I alone accuse you of these crimes. There are the people ruined, killed and maimed by you, who stand before me now. The dead stand here, too, pointing at you with their terrible hands and demanding with me and my country, only one punishment — death by shooting." There were loud cheers.

OPINION

Coming Soon: The Next Hijacking Show

SAINT PETERSBURG, Florida — Next week an airplane will be hijacked and the passengers, many of them American, will be taken hostage.

If not next week, then the week after or next month or the month after that. But it will happen, for two reasons.

Terrorism, old in warfare, has been developed by nationalist and carefully nurtured religious fanaticism to the point where it is a weapon not simply of local resistance but of world importance. The terrorists have discovered that it is far more effective to select victims from the nationals of foreign powers rather than concentrate merely on their specific enemies.

Nothing gets them more attention and blackmail power than the horror of an airplane hijacking, not even the kidnappings taking place now in Beirut.

And most of the victim nations have shown that they crack when hostages are taken. The United States cracked to Soviet hostage-taking by trading a Soviet spy for an American astronaut. It delivered blackmail arms to Iran, sponsors of the killers of American marines.

Pakistan has yet to put hijackers captured five months ago on trial or even tell the world who they are.

Israel cracked by turning over 1,150 prisoners for three Israelis.

Italy let a hunted terrorist escape.

The French dealt almost openly in trading with terrorists for their hostages.

Anybody who says this contemporary is a fool. We all know that were one of our family taken hostage, we would want only one thing of our government — rescue. But the surrenders do lead, bit by bit, to more hostage taking and more pain for more families.

Once again the frightened faces of the victims will appear on television screens the world over. Once again the captors will orchestrate their own performance on the television stage, screaming and waving automatic rifles one day, presenting their demands and their grievances as winningly as they can the next.

Once more, disgusted viewers and harassed governments will say that the press, particularly television, is terrorism's tool and is endangering the lives of the hostages. Louder than ever will come demands for some form of regulation — outright censorship, barring reporters and cameras from the scene, or sweeping press self-restriction.

Television producers and correspondents and newspaper people talked it all over at a meeting here organized by the Poynter Institute for Media Studies, which owns The St. Petersburg Times, one of America's good newspapers.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

By A.M. Rosenthal

The question on our minds was whether the long, wearing hijacking coverage in Beirut in 1985 had endangered the lives of the hostages or made freeing the captives more difficult. To his own professional credit, Parker Borg, a State Department anti-terrorism expert at the time, said that the answer was no.

But during next week's or next month's hostage taking, the debate will start all over again. Television does not enjoy all the First Amendment protections — I believe it should — and the pressure will be heavy.

There are things that can be done that would not damage the right of television to present the news fully and would help prevent it from becoming the most important hostage of all.

Occasionally the gunmen get control of television by being broadcast live, spouting whatever they wish to shout. This is exactly as if gunmen marched into a newspaper office and dictated to reporters and editors every word that was to appear in print. Pausing to see and edit tapes in advance is no more an act of censorship than a newspaper edi-

tor looking at a story before it is printed and using something called judgment.

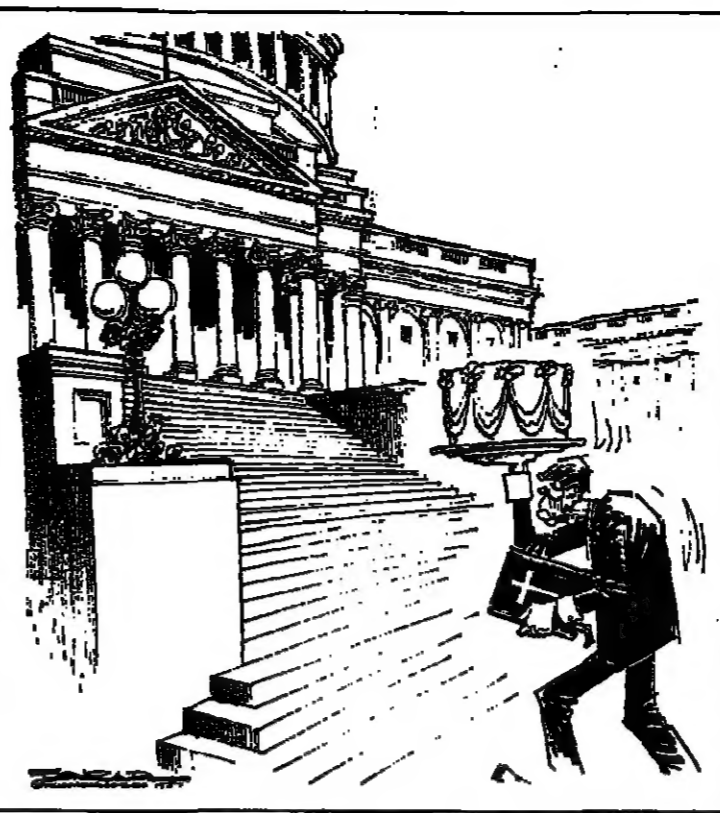
Terrorists feed hungrily on chaos and press-television mob scenes create the hysteria they seek. Television could help by using correspondents but just one or two camera crews, sharing film but not the reporting or commentary.

Almost all American television anchor-men and producers are skilled, experienced and serious and could hold down top jobs on newspapers; greater praise than no editor. But sometimes the job of interviewing captors is turned over to television personalities who are simply entertainers and treat the captors as state actors. "Do you have a message for President Reagan?"

These steps would counter some of the intricately planned manipulation by the terrorists. But television and press bashing will continue. It won't kill us.

Neither will it change the fact that the agonizingly drawn-out pain of captives and families has come not from television cameras and anchorpeople or newspaper reporters but from the faltering will of governments and the men you see waving their rifles and sneering at the world, next week or next month.

The New York Times



The Great Picture on Page 4 Knocks Phones Off the Hook

By Joseph Laitin

WASHINGTON — Good journalism is a mirror of life around us. The question is often a matter of taste, sometimes of ethics, always of truth. How far an editor should go to protect the reader has been an ongoing in-house debate since the birth of the free press. I am not sure there is an answer, except to treat each incident separately.

The incident now at hand is a photo of the Pennsylvania state treasurer, R.

MEANWHILE

Budd Dwyer, who executed himself on camera during a press conference. The photo, taken at the split second of bullet impact, appeared in The Washington Post on Friday. The newsroom phones went off the hook. (A different picture, showing Mr. Dwyer with the tip of the barrel in his mouth before he pulled the pistol's trigger, appeared on Page 2 of Friday's International Herald Tribune.)

Mind you, there was not one single protest against the use of a photo the

same day on the front page showing the tragic aftermath of the Philippine farmers' demonstration near the presidential palace in Manila, where they were fired on by troops. The New York Times, which elected not to publish the offending suicide picture, also used that photo of the Manila massacre on page one.

There is a long history of editorial decision, or indecision, on when to print details or photos of news events that might turn the stomach of readers. The two most often used arguments against publishing unpleasant details are that readers want to enjoy their breakfast and that children should not be exposed to sordid tragedy. The latter argument does have validity, but when you consider the violence tolerated every day on television you wonder about the agenda of those who present this argument.

Looking back over the years, I recall the photo that made Robert Capa famous: a loyalist rifleman in the Spanish civil war catching a fatal bullet in midair as he was leaping for cover. Editors said "Great picture" and printed it.

During the Budapest uprising there was a memorable picture of an impromptu sidewalk execution of some dreaded secret policemen, their eyes in wide-open surprise and hair straight up as if they had just received a thousand-volt charge. It was widely printed and hailed as great photo journalism.

It can be argued that those pictures were taken during war or revolution or uprising, which makes a difference. What appeared on page four of The Post was a suicide. That is true, and there most certainly is a difference. But I would suggest that the real reason why the other photos were viewed as great photo journalism, and not as horror pictures used for exploitive purposes, is that they came from distant places that, as everybody knows, are inhabited by foreigners. This was home, which calls for a different measuring rod for taste.

Maybe so, but there are other arguments to be made. For instance, was the picture essential to the story? There is a question of both ethics and taste involved in these decisions, and sometimes it is necessary for a conscientious editor to make a decision that forgoes taste.

This is a matter that has to be dealt with on a case-by-case basis, and I am not wise enough to offer any meaningful guidelines that would hold up over a period of time. In this instance it was a close call. But I can see how any two-fisted editor, facing a deadline and an agonizing decision, would have felt that he had to go with it and apologize later, if he felt any pangs of conscience. And next time face the problem anew.

The writer is ombudsman of The Washington Post, from which this is adapted.

LETTERS TO THE EDITOR

The Vatican, Israel and a Hard-Hitting Columnist

Regarding "Cardinal's Pilgrimage Covers Something Sinister" (Jan. 16):

The opinion column by George F. Will concerning Cardinal John O'Connor's recent visit to the Holy Land is offensive. In addition to vilifying the cardinal, Mr. Will makes vituperative criticism of the Vatican, the present pope, the Catholic clergy and the political policy of the Catholic Church. He concludes with a thinly veiled comparison of the Vatican to Nazi Germany.

The tragic situation in the Middle East requires men of peace like Cardinal O'Connor. It is not helped by the opinions of angry and irresponsible men.

FAITH M. COSSA
Geneva.

George Will's splendid essay makes many excellent points against the Vatican's refusal to recognize the Jewish state. How refreshing it is to see these words in print from a Gentile pen. Many a Jew would cringe from confronting the Vatican on this point.

Meanwhile, as Mr. Will says, moving the U.S. Embassy to eastern Jerusalem would end the pretense that the unity of Israel exists only in the minds of some, since Christian and Moslem Arabs from all Arab countries except Egypt are refused entry into Israel. I agree with Mr. Will that the cardinal's visit disclosed something sinister — but not in the Vatican.

MARIE PECK
Amman.

breakthrough on the issue of Israel's legitimacy, many more decades of destruction will pass.

ART STONE
Arlington, Virginia.

The point Mr. Will makes is as erroneous as his supporting "facts."

The Vatican is the only state that continues to honor the original agreement for the acceptance of Israel as a nation. That agreement calls for internationalization of the city of Jerusalem and for repatriation of, or compensation for, the Palestinians. The Vatican does not have diplomatic relations with Israel because neither of those two conditions has been met. The United States, Britain and other countries continue to honor the first condition, maintaining only consular offices in Jerusalem, but they ignore the second issue about Palestinian rights and they maintain full diplomatic ties with Israel.

Jewish gravesites were not used by Jordan to pave roads, but an Arab cemetery was bulldozed to create Independence Park in Jerusalem. Religious freedom in Israel exists only in the minds of some, since Christian and Moslem Arabs from all Arab countries except Egypt are refused entry into Israel.

I agree with Mr. Will that the cardinal's visit disclosed something sinister — but not in the Vatican.

In the past I have admired what appeared to be the lucidity of Mr. Will's thought. Some of his columns have been minor masterpieces — for instance, one a few years ago on children with Down's syndrome. Here, I thought at the time, was a man of real humanity. What, then, is this sudden, rabid and illogical attack on the Catholic Church?

Mr. Will suggests that Jews are incapable of comprehending how the sufferings in the Holocaust could be a "gift to the world." Yet if any of the world's peoples are well versed in suffering, it is the Jews, and in the Biblical context their sufferings are not seen as proof of the absurdity of the universe but rather as providential purifications necessary in the formation of a chosen people.

More shocking is the technique Mr. Will uses to criticize the Catholic Church: insinuation. This has traditionally been the weapon of the racist and the bigot. The Vatican has never given Israel diplomatic recognition. Here is a policy that merits debate. But no. Instead we are told that behind the fact "harks something sinister."

And who is trying to resurrect the "hoary myth" of collective Jewish guilt? I have not heard anything like that from anyone in the Catholic Church. I don't believe I have heard it from anyone at all lately — except Mr. Will.

The column does a disservice to the Jewish state, because no cause is served by support which can only be seen, by those who have an intelligent interest in the question, as embarrassing. Nor does it serve the interests of intelligent, logi-

cal, loyal debate — without which no disputed questions, international or otherwise, can ever be resolved.

PEGGY RIGAUD
Montpellier, France.

Three cheers for George Will! He has the guts to bring into the open the long history of the Vatican's malevolence toward the Jewish people.

Cardinal O'Connor's condescending tone and utterly incomprehensible remark that the Holocaust was a gift to the world reflect his church's politics.

There were Jews in Jerusalem 3,000 years before the first followers of Christ began calling themselves Christians.

EDWARD E. DORSON
Gilleleje, Denmark.

Mr. Will concludes his criticism of Cardinal O'Connor and the "sinister" Vatican by saying: "Israelis have heard [the cardinal's] alibi before: He was only obeying orders." Apparently Mr. Will does not follow developments in Israeli politics closely. The head of the Israeli central command commented recently, about the shooting of a 14-year-old at a refugee camp, that the Israeli soldiers appeared to have "obeyed regulations with regard to opening fire."

Cardinal O'Connor's statement about the Holocaust being a gift of Judaism to the world is indeed absurd. However, to one familiar with the issues, it is clear that Mr. Will's object is not information.

His column is typical of pro-Israel rhetoric, in that its intent is clearly to arouse emotion with little reference to

fact. There is no acknowledgment, for instance, that the Vatican's refusal to accept Israel's occupation of Jerusalem is in accordance with international law, the Geneva conventions and the majority of international public opinion.

KRISTIN BROWN
Rome.

Lend the Food Mountain

In response to the report "Mounting Food Surpluses Threaten to Push EC Into Bankruptcy" (Dec. 30):

As Europe's food mountains get bigger, billions of dollars are consumed in waste and storage. Reforms centered around production cuts, quotas, lower guaranteed prices and funds to subsidize sales or free distribution offer solutions that are politically or economically unrealistic. What can be done?

Free distribution of food can be justified only during famines. Food-for-work projects, as practiced by the United Nations, are inefficient.

Why not offer the food surpluses as interest-free loans? A country in need borrows and removes the agreed amount and commits itself to deliver back like quantity and quality in five, seven or more years. Both lender and recipient are bound to secure significant benefits.

When accumulation of goods no longer contributes to economic growth, global solutions should be tried. Even countries close at hand — Poland, for one — might look at the idea with interest.

K.J. LORCH
Hamburg.



1987 good reasons to see Thailand this year

Majestic temples and magnificent elephants, glittering roofs and garlands of orchids, enchanting people and exotic cuisine...one could write a long book about the land they call Thailand (and many seasoned travellers have). And never has there been a better year to see Thailand than 1987. For this is Visit Thailand Year in the Land of Smiles.

Among the kaleidoscope of festivities planned for 1987 you should try to catch some of these:

Feb. 13-15. **Chiang Mai Flower Festival.** A million blooms, a thousand smiles. One of the unforgettable moments of your life.

April 13. **Songkran Festival.** A nationwide water festival celebrating the Thai Lunar New Year.

May 9-10. **Bun Bang Fai Festival.** "Bang" indeed. Held in northeast Thailand, a fireworks show like no other you've ever seen.

Oct. 16. **Royal Barge Procession.** An armada of brilliant colours, pageantry and rare splendour not to be missed.

Nov. 5. **Loy Krathong.** Celebrated nationwide, this is Thailand's loveliest festival.

Nov. 14-15. **The Elephant Round-Up.** Ever seen 100 elephants enact a medieval War Parade? You will if you come to Surin in northeast Thailand for this extraordinary display.

Nov. 22. **Bangkok Marathon.** A major sporting event commemorating His Majesty the King's 60th Birthday Anniversary.

Dec. 15. **Light and Sound Presentation.** A glittering occasion to be held at the Royal Grand Palace and the Temple of the Emerald Buddha.

These are only a small selection of the truly stunning special events that mark 1987 as Visit Thailand Year — a year full of festivities, flowers and fireworks.

Make your holiday plans now. And make sure you fly on Thailand's own airline, Thai International.

Where the exotic sensations that are Thailand start from the moment you step on board.



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SCIENCE

IN BRIEF

Drug Seen as Potential Contraceptive

BOSTON (UPI) — A drug shown to be effective as an abortion pill also has promise as an oral contraceptive that may be more convenient, effective and safe than existing forms of birth control, government researchers say.

A new study showed that the experimental drug RU-486 was highly effective at controlling menstrual cycles in women and preventing pregnancy in female monkeys. There were no apparent adverse side effects, although past trials showed some women experienced excess bleeding.

"This is a preliminary study, but it suggests that there's a big potential for this drug as a contraceptive agent," said Dr. Lynnette K. Nieman, who led the study at the National Institute of Child Health and Human Development. RU-486 is a synthetic steroid that blocks production of the hormone progesterone, needed to maintain a fertilized egg in the womb.

Fatty Acids Linked to Heart Disease

LONDON (Reuters) — Heart disease may stem from a deficiency of essential fatty acids in the diet and not excess consumption of saturated fats, a new study by scientists in Scotland suggests. A report on a study involving more than 6,000 people, published in the British medical journal *The Lancet*, said that people who had suffered from heart attacks or pains had less essential fatty acids in their body fats than other people. Essential fatty acids are contained in fish and vegetable oil, while saturated fats in the diet come mainly from animal food.

"Until now the evidence has appeared to suggest that heart disease is caused by eating too much saturated fat," said Michael Oliver, professor of cardiology at Edinburgh University. "Our research suggests it is the deficiency of polyunsaturated fat which is important."

Rare Animal Rediscovered in Brazil

NEW YORK (AP) — The thin-spined porcupine, feared extinct, has been rediscovered in Brazil's rapidly disappearing Atlantic coastal forest. The animal, *Chaetomys subspinosus*, is about the size of a small cat and is covered with soft, brown spines that resemble the bristles of a broom but are more flexible, according to Russell Mittermeier, vice president of the World Wildlife Fund-U.S.

The animal, was first described in 1818 and last seen in 1952. Researchers know so little about it they cannot even be sure that it is a true porcupine, Mittermeier said. "The scientific interest of the beast is that no one is sure what it really is," he said.

U.S. Drinking Habits Show Shifts

NEW YORK (NYT) — About two-thirds of adult Americans drink alcoholic beverages regularly, but 10 percent of the drinkers down half the total alcohol, according to a new study. In addition, the age at which people begin to drink is falling: "In 1984 more than 30 percent of high school seniors reported having tried alcohol by age 13," according to the Statistical Bulletin of the Metropolitan Life Insurance Co.

Nationwide, Americans over 13 drank beverages containing an average of 2.65 gallons of alcohol in 1984. Consumption was highest, 5.34 gallons a person, in Washington, D.C., although purchases of low-priced liquor by non-residents accounts for part of that. Consumption was lowest in Utah, at 1.53 gallons a person.

Since 1968, beer has been the main form of alcohol consumed in the country, and 51 percent of alcohol consumed in 1984 was in beer.

Antibodies Redesigned

By Harold M. Schmeck Jr.
New York Times Service

ANTIBODIES, the most familiar of the body's defenders against infectious disease, are being drafted into new roles.

Antibodies are being rebuilt by scientists who hope to use them for slicing and redesigning proteins, the body's most varied and important substances, for poisoning cancer cells and for performing other roles that nature never contrived.

"If we can harness this vast array to do chemical work," said Dr. Richard A. Lerner, director of the Research Institute of Scripps Clinic, La Jolla, California, "antibodies will take on an important new dimension in biology and chemistry."

An antibody capable of cutting a protein, for example, might be aimed at the protein coat of a virus. Such antibodies might be injected in a virus-infected patient to chew up the viruses and halt the infection.

Emerging strategies in the exploration now under way include: the production of antibodies that are hybrids between mouse and human, of antibodies armed with potent cell poisons to send as guided missiles against cancer cells, and of antibodies of radically new design that may prove more efficient or easier to produce.

Antibodies, Y-shaped proteins less than a millionth of an inch long, are the body's defensive guided missiles. They seek out targets with incredible precision among the myriad substances in the body. A single antibody-producing cell can make 2,000 a second to alert the defense system and help destroy an invader.

Enzymes, the chemical workhorses of the body, have innumerable functions, including cutting things apart, pasting them together or changing them in various other ways. Putting their functions into antibodies, researchers say, could create a new scientific tool of great potential power.

Two scientific teams, those of Dr. Lerner and of Dr. Peter G. Schultz of the University of California, Berkeley, have demonstrated, in different ways, that an antibody can function as an enzyme.

The development of enzymatic antibodies could have even broader potential, both as a scientific tool and as a way of making proteins that have never existed before.

"Being able to modify proteins in a non-natural way is a very important goal for both chemists and biologists and antibodies might let us do that," said Dr. Schultz.

Proteins are among the main structural and functional substances of the body; they are major ingredients in all living tissues and indispensable factors in the body's countless chemical reactions that go on continuously from conception to the dissolution that follows death. Antibodies and enzymes are themselves specialized proteins.

Most of the work involves monoclonal antibodies. These are antibodies grown from specifically chosen clones of cells. All the antibodies produced from any single clone are identical. Ordinary antibodies are much less uniform.

An antibody can distinguish easily between two different viruses or two different structural features on the same virus, different human blood types, different proteins and many other even more subtle differences. By coupling with its target, the antibody does not ordinarily kill it, but rather activates a barrage of defensive actions by other elements of the immune system.

While enzymes often serve the body by cutting things apart, they are actually biological catalysts that speed the pace of chemical reactions. Something that might not happen in 100 years without an enzyme can be done in less than a second with one.

A natural, uncatalyzed, chemical reaction goes in two directions, one of which is toward a more stable product than the other. In time the stable product wins out. A catalyst does not change the chemical reaction but permits it to go rapidly to the stable form.

Between the two states is an unstable form of the substance involved in the reaction. Enzyme-like antibodies would home in on this transition state and couple with it, permitting the reaction to go toward the stable side rapidly.

But the transition state is elusive. Therefore the research strategy at Scripps has been to determine its chemistry, make a stable counterfeit in the laboratory and inject this into laboratory animals so that they produce antibodies to it.

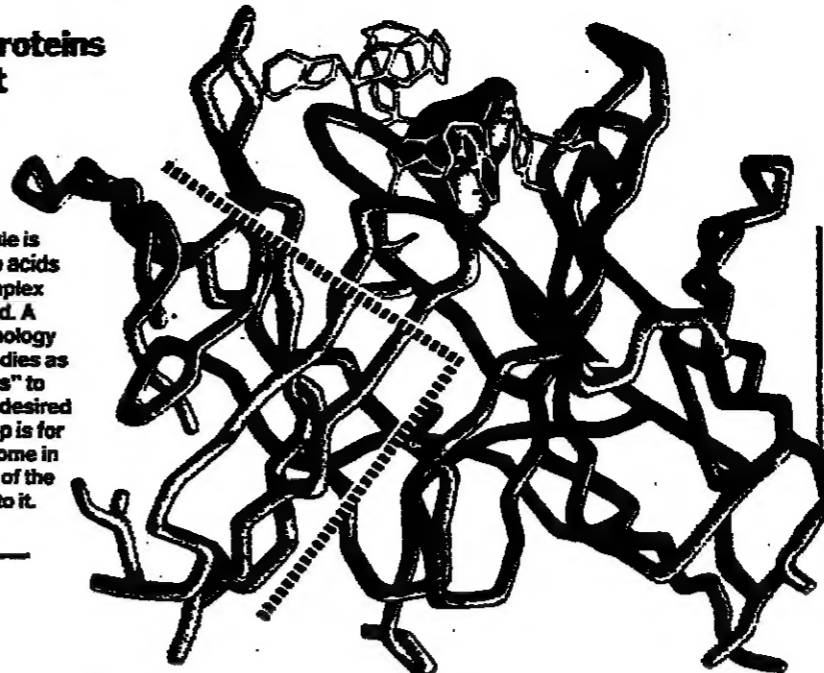
Independently, the scientists at Berkeley discovered that one particular antibody can act as an enzyme in cutting a common organic chemical called a carbamate.

Some natural enzymes that also cut the simpler substances used in the experiments will cut proteins, suggesting that protein-cutting antibodies can be developed.

Dr. Alfonso Tramontano, Dr. Kim D. Janda and Dr. Lerner, all of the Scripps Clinic and Research Foundation, reported experiments

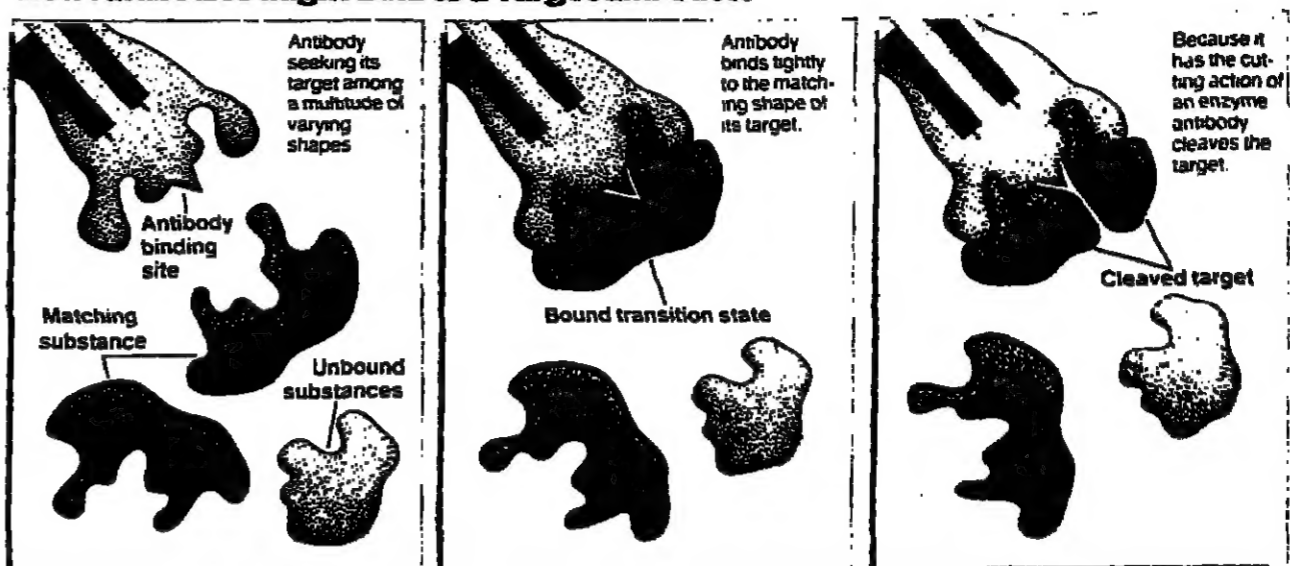
Attacking Proteins With Rebuilt Antibodies

A protein molecule is a tangle of amino acids folded into a complex continuous strand. A developing technology would use antibodies as enzyme "scissors" to cut a protein in a desired way. The first step is for the antibody to home in on a precise part of the protein and bind to it.



If the antibody is designed to act like an enzyme it will complete its action by changing the protein in a preordained way. For example, such an antibody could cut the surface protein of a virus, rendering it harmless.

How Antibodies Might Bind to a Target and Cut It



last fall in the Proceedings of the National Academy of Sciences indicating that enzymatic action by antibodies was possible. They reported success in actually doing it in Science in December. Dr. Schultz, Dr. Scott J. Pollack and Dr. Jeffrey W. Jacobs reported their research in the same issue and, more recently, have designed another antibody that has enzymatic action. They are also trying to attach synthetic catalysts to natural antibodies.

The two groups have not yet cut proteins, but expect to be able to do so in the future. "We started with a simpler, easier reaction to see if we could do it," Dr. Schultz explained. An enzymatic antibody designed to attack a particular kind of blood clot might be used to cut up such a clot. Such an enzyme might be able to relieve the arterial blockages that sometimes cause heart attacks.

Used as research tools, such antibodies might allow scientists to snip out several particular subunits of a protein and replace them with something that does not occur in nature at all, just to see what this change would make in the protein's function in the body.

The development of hybrid monoclonal antibodies, constructed from parts taken from different sources, is different in technique and strategy. But this, too, creates antibodies unlike any in nature and capitalizes on the antibody's incredible ability to limit its attack to one very specific target.

"Antibodies are such appealing molecules because of their tremendous specificity," said Dr. Sherie L. Morrison of Columbia University's College of Physicians and Surgeons, one of the pioneers in making mouse-human hybrids. It has been relatively easy to pro-

duce mouse monoclonal antibodies against a great many substances, but much more difficult to do this with human monoclonals. But using antibodies from mice in treating humans often leads to a damaging immune reaction because the antibody is foreign.

By combining the target-seeking part of the mouse antibody with the other antibody part from a human, the risk of immune reaction may be much reduced.

There is another important advantage. The V-shaped top portion of the antibody molecule, called the variable region, is the target-seeking part. The stem, the portion that gives it the Y-shape, is called the constant region. This determines what kind of antibody it is and what its biological effects will be. The ability to combine the parts of antibodies, whether mouse-human

hybrids or not, may allow scientists to design antibodies virtually to order.

The first report of producing mouse-human hybrids was from a team of collaborating scientists at three institutions, Dr. Morrison from Columbia, Dr. M. Jacqueline Johnson and Dr. Leon Herzenberg of Stanford University School of Medicine and Dr. Vernon T. Oi of the Berton Dickinson Co.

Plans are in progress to test such hybrid antibodies in treating cases of multiple sclerosis, colon cancer and perhaps other diseases.

For several years, scientists have experimented with use of antibodies directed as precisely as possible against a patient's cancer tissues. Some of these have killed cancer cells in the laboratory but have usually been much less effective in patients.

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Paris Fashion

Saint Laurent, the Giant

By Hebe Dorsey
International Herald Tribune

PARIS — Nothing like a nice surprise! The fashion press expected to all but bury Yves Saint Laurent, whose talent lately had seemed distinctly on the wane. Instead, the designer demonstrated Wednesday that when he wants, nobody can touch him.

In a beautifully edited and restrained collection, Saint Laurent proved once again to be the giant in his field. His fans, including Catherine Deneuve, Paloma Picasso and — in a rare fashion appearance — Danielle Mitterrand, heaved a big sigh of relief and applauded gratefully. Also there was the designer Claude Montana, acknowledged leader of French ready-to-wear, who was moved to tears.

This takes nothing away from the new name in Paris, Patou's Christian Lacroix, but it is as if the two designers were standing at either end of the fashion spectrum. Lacroix has the youth, the enthusiasm and all kinds of unexplored avenues before him. Saint Laurent has said and done practically everything and all he has to do now is say it again, in his own pure, perfected hand. But Lacroix is the future.

After the show, the designer said that he had had fun with this collection, which was also very young — an element that had been missing from recent collections. This was achieved by revamping the proportions, strengthening shoulders and considerably shortening skirts until they became minier than mini.

Saint Laurent stayed away from the excessiveness of Paris trends with clothes that were perfectly flat and wearable, especially the strong-shouldered suits. These had a long, new jacket with two big pocket flaps sewn sideways. They turned up in every possible fabric, from tiny checks to crisp linens and in every color, from gray to a bright purple.

But beautiful as they were, they were not the most exciting part of this show. As for pantsuits, they were frankly boring. In short, the daytime clothes at Saint Laurent's, including the chemises and tunics, belonged to the new, upgraded Saint Laurent Rive-Gauche, which Pierre Bergé, Saint Laurent's partner and business manager, said was definitely going to happen. This was confirmed by Léon Cligman, the French industrialist who is the largest stockholder of Saint Laurent Rive-Gauche. Bergé denied that the house was about to abandon couture, to which, he said,



Saint Laurent: Short skirts, irresistible eveningwear.

Saint Laurent is "viscerally attached."

The story was in the irresistible evening wear, which achieved a lot of volume without resorting to ruffles or petticoats. The secret was in the cut, and even chignon, usually limp and lifeless, was shaped and controlled with great expertise.

It was a flat-chested look, with long-waisted dresses spreading out into a deep flounce, often dipping in the back. The front was quite naughty, cut all the way to the crotch. Some minis had hems circled with stiff black bows. The prettiest were made of body-conscious, wadded chiffon, decorated with tiny wavy ruffles. The feeling was very little-girl-out-to-a-party, especially when Saint Laurent circled the hips of a printed chiffon mini with wide satin ribbon and a big side bow. The shorter dresses were newer and more fun than the long ones.

Saint Laurent, who did the bustle well before anybody else, did not bother with elaborate constructions, but just hinted by putting big bows at the bottom of some dresses. The flowered taffeta gown with big side pout was his only concession to current Paris trends.

Fabrics included soft chiffons often mixed with stiff lace. Crepe was used for long, draped gowns that looked very familiar, even if Saint Laurent sometimes mixed two colors in the same dress. Colors were refined with all kinds of subtle mélanges — such as purple and salmon or red, pink and shrimp. Khaki, used for a chiffon evening dress, was new and sophisticated.

At Lanvin's, Maryll Lanvin, the wife of the family's son and heir, Bernard, has taken over with best results. Although largely influenced by Lacroix's poufs, she is moving toward her own pretty and feminine signature. A beautiful woman who travels in high society, Lanvin knows that women dress — or should dress — for men. Hence the soft piqué dress, topped by a delicate pearly bolero and short and sexy strapless dress, exposing a lot of bosom.

Lanvin also displayed an unexpected sense of humor in a dress of red and green satin, its bodice overflowing with a huge bouquet of anemones. Hats were mad concoctions, with some Edwardian-looking layers of black tulle.

Guy Laroche, who counts Bernadette Chirac and Claude Pompidou among his fans, is a nice man who makes nice, uncomplicated and often quite pretty clothes. There is nothing in this collection that could not go on a state visit, from the trumpet-shaped, long-jacketed suits to the gently pleated ones. Evening gowns were quite graceful, especially the gently pleated ones. Occasionally, Laroche threw in some mad, red-and-black cancan ruffles.



Printemps-Été 1987

GIORGIO ARMANI

6, Place Vendôme, Paris
24 Janvier 1987

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	230.00	229.00	229.00	+1.00
AT&T	220.00	219.00	219.00	+1.00
GE	110.00	109.00	109.00	+1.00
Merck	100.00	99.00	99.00	+1.00
Amgen	90.00	89.00	89.00	+1.00
Amgen	80.00	79.00	79.00	+1.00
Amgen	70.00	69.00	69.00	+1.00
Amgen	60.00	59.00	59.00	+1.00
Amgen	50.00	49.00	49.00	+1.00
Amgen	40.00	39.00	39.00	+1.00

Market Sales				
NYSE 3 m. volume	NYSE prev. close	NYSE 3 m. volume	NYSE prev. close	NYSE 3 m. volume
148,979,000	148,979,000	148,979,000	148,979,000	148,979,000
Amex 3 m. volume	Amex prev. close	Amex 3 m. volume	Amex prev. close	Amex 3 m. volume
12,881,000	12,881,000	12,881,000	12,881,000	12,881,000

NYSE Index				
High	Low	Close	Prev. Close	Chg.
2,155.23	2,155.23	2,155.23	2,155.23	+1.00
Composite	150.00	150.00	150.00	+1.00
Industrial	100.00	100.00	100.00	+1.00
Transport	50.00	50.00	50.00	+1.00
Utilities	25.00	25.00	25.00	+1.00
Finance	12.50	12.50	12.50	+1.00

Wednesday's

NYSE

Closing

Via The Associated Press

AMEX Diary				
Adv.	Decl.	Unch.	Total	Net
1,234	567	890	2,691	+1,234
Amex	123	456	678	+123
NYSE	234	567	890	+234
OTC	345	678	1,023	+345

NASDAQ Index				
High	Low	Close	Prev. Close	Chg.
1,234.56	1,234.56	1,234.56	1,234.56	+1.00
Composite	100.00	100.00	100.00	+1.00
Industrial	50.00	50.00	50.00	+1.00
Transport	25.00	25.00	25.00	+1.00
Utilities	12.50	12.50	12.50	+1.00
Finance	6.25	6.25	6.25	+1.00

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
IBM	230.00	229.00	229.00	+1.00
AT&T	220.00	219.00	219.00	+1.00
GE	110.00	109.00	109.00	+1.00
Merck	100.00	99.00	99.00	+1.00
Amgen	90.00	89.00	89.00	+1.00
Amgen	80.00	79.00	79.00	+1.00
Amgen	70.00	69.00	69.00	+1.00
Amgen	60.00	59.00	59.00	+1.00
Amgen	50.00	49.00	49.00	+1.00
Amgen	40.00	39.00	39.00	+1.00

Dow Jones Bond Averages				
High	Low	Close	Prev. Close	Chg.
100.00	100.00	100.00	100.00	+1.00
Govt	50.00	50.00	50.00	+1.00
Corp	25.00	25.00	25.00	+1.00
Muni	12.50	12.50	12.50	+1.00

NYSE Diary				
Adv.	Decl.	Unch.	Total	Net
1,234	567	890	2,691	+1,234
Amex	123	456	678	+123
NYSE	234	567	890	+234
OTC	345	678	1,023	+345

Odd-Lot Trading in N.Y.				
Buy	Sell	Net	High	Low
1,234	567	667	1,234	567
Amex	123	123	123	123
NYSE	234	234	234	234
OTC	345	345	345	345

Dow Jones Averages				
Open	High	Low	Last	Chg.
1,234.56	1,234.56	1,234.56	1,234.56	+1.00
Industrial	50.00	50.00	50.00	+1.00
Transport	25.00	25.00	25.00	+1.00
Utilities	12.50	12.50	12.50	+1.00
Finance	6.25	6.25	6.25	+1.00

Standard & Poor's Index				
High	Low	Close	Prev. Close	Chg.
1,234.56	1,234.56	1,234.56	1,234.56	+1.00
Composite	100.00	100.00	100.00	+1.00
Industrial	50.00	50.00	50.00	+1.00
Transport	25.00	25.00	25.00	+1.00
Utilities	12.50	12.50	12.50	+1.00
Finance	6.25	6.25	6.25	+1.00

Previous NASDAQ Diary				
Adv.	Decl.	Unch.	Total	Net
1,234	567	890	2,691	+1,234
Amex	123	456	678	+123
NYSE	234	567	890	+234
OTC	345	678	1,023	+345

AMEX Stock Index				
High	Low	Close	Prev. Close	Chg.
100.00	100.00	100.00	100.00	+1.00
Govt	50.00	50.00	50.00	+1.00
Corp	25.00	25.00	25.00	+1.00
Muni	12.50	12.50	12.50	+1.00

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Firm Bond Market Buys NYSE

United Press International
NEW YORK — Prices on the New York Stock Exchange were higher late Wednesday in very heavy trading. The market was buoyed by a firm bond market and investors' willingness to buy whenever sellers made small price concessions, traders said.
 The Dow Jones industrial average, which jumped 43.17 points Tuesday to a new high, was

Although most U.S. stock market tables in this edition are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

up another 4.78 points to 2,155.23 at 3 P.M. Gainers were leading losers by an 8-7 ratio. Volume at 3 P.M. was about 168.99 million shares, up from 165.51 million in the same period Tuesday.
 Prices were higher in active trading of American Stock Exchange issues.
 The market right after the opening bell but gradually lost its gains and turned lower. Promptly recovering, it moved into plus territory and stayed there through midday before edging lower again in the early afternoon. Prices began climbing again in mid-afternoon.
 Traders attributed the early surge to futures-related buying, prompted by premiums on stock-index futures contracts that encouraged arbitrageurs to sell the futures and buy stocks. When the futures began trading at a discount to the underlying cash indexes, sell programs knocked stock prices lower. When the futures began trading at a premium again, the programs tapered off.

Analysts said the market's record levels, the sliding U.S. dollar and concern about upward pressure on interest rates were making some investors nervous.
 "There was more nervousness today than has been apparent for some time," said Trade Lattimer, market analyst at Josephthal & Co. "The market is soggy; trading is very choppy, and nothing much is moving it."

Friday's volatility, in which the Dow climbed 64 points before ending the day with a 44-point loss, had an effect on traders, she said.
 Traders saw that the market can come down as quickly as it can go up," Ms. Lattimer said. She said the dollar slide was worrying some investors, but she said concern "has not yet reached the point where it is affecting the market all that much."

The market is "ripe" for a modest pullback, she said. But she said the influx of funds from Japanese investors and from investors shunning bonds in favor of stocks ensure a "fairly steady stream" of buying interest, as long as interest rates remain low.

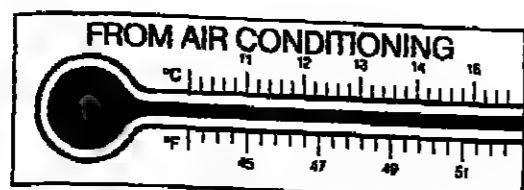
Dennis Jarrett, technical analyst at Kidder Peabody & Co., said program trading was not a dominant force on Wednesday. He said the market was "digesting" recent gains, regrouping before it headed higher again.

With an hour left to trade, Bethlehem Steel was the most active NYSE-listed issue, heading higher.

Southern Company and Middle South Utilities were up in active trading.

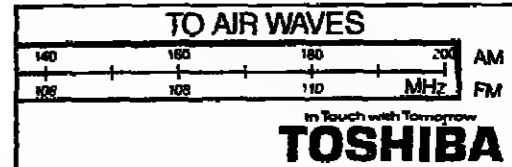
Among blue chips, IBM, General Electric, USX, Ford Motor and Exxon showed small losses.

12 Month High Low Stock Div. Yld. PE 52 Wk High Low	A										Close
AA	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AB	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AC	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AD	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AE	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AF	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AG	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AH	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AI	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AJ	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AK	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AL	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AM	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AN	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AO	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AP	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AQ	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AR	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AS	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AT	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AV	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AW	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AX	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AY	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
AZ	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BA	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BB	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BC	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BD	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BE	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BF	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BG	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BH	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BI	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BJ	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BK	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BL	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BM	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BN	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BO	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BP	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BQ	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BR	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BS	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BT	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BV	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BW	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BX	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00
BY	100.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00	99.00



THURSDAY, JANUARY 29, 1987

Herald Tribune BUSINESS/FINANCE



Page 11

WALL STREET WATCH

Individual Investors Begin Chasing After the Bull

By VARTAN G. VARTAN

NEW YORK — The small investor is coming back. Tempted by a bull market streak that is verging on a record, Wall Street's retail customers are stepping out on their own to buy stocks at a faster clip than they have for several years. The growing enthusiasm is nowhere near the frenzied activity of the go-go days of past decades. In fact, so far the rise of the Dow Jones industrial average this year has been fueled by institutional investors who have long dominated the market.

Individual investors have clearly given the market an extra boost, however. And a number of stockbrokers have described these investors as nibbling at low-priced stocks while continuing to pour more money into stock mutual funds.

"We see speculative activity heating up a bit, but it certainly is nowhere near the boiling point," said Leslie Quick 3d, president of Quick & Reilly, a leading discount brokerage firm. December was the firm's biggest month ever. And so far in January, Mr. Quick said, volume is running 20 percent higher.

"Our gross revenues in over-the-counter stocks are running more than double last year's rate," said Peter DePuzzo, director of retail equity trading at Shearson Lehman Brothers. "Our volume — 60 percent retail and 40 percent institutional — is far above normal. But we are not yet in the wild-and-woolly stage in over-the-counter activity."

"The over-the-counter market, where small investors have traditionally looked for fast gains, was a relatively poor performer in 1986, when blue-chip stocks captured investors' fancies. But in January, this sector has rebounded sharply."

Early this year, Shearson Lehman assembled a list of "fallen angels," including such over-the-counter issues as Cronus Industries, Apogee Enterprises, and Bay View Federal Savings & Loan, as suggested trading stocks. "We had a tremendous response from retail investors," Mr. DePuzzo said.

Retail investors' greater interest in individual stocks is not curbing the boom in equity mutual funds, either. Net sales of the eight equity mutual funds of T. Rowe Price Associates this month are 23 percent ahead of the comparable December period, in part because of the inflow of funds for individual Retirement Accounts.

AT THE same time, mutual fund investors are switching out of safer money-market funds into their equity counterparts. "Our share owners have switched out of money-market funds to the tune of \$113 million this month, and \$111 million this sum has been exchanged for shares of our equity funds," said Steven E. Norwitz, a vice president at T. Rowe Price. "Nearly half of that money went into the New Horizons Fund, which invests in small growth companies."

Merrill Lynch, the largest American brokerage firm, reported that both its cash-account and margin-account customers bought more shares than they sold during the first week of 1987. These investors were buying approximately 100 shares for every 70 shares they sold. But since that opening week, clients have switched to the sell side, disposing of about 100 shares for every 70 shares purchased. To some market watchers, this lack of clear commitment indicates that the public remains skeptical that stock prices will continue to climb without at least a temporary setback.

"People like what they are seeing in the stock market, but they also feel a lot of uncertainty," said John DeLong, manager of Merrill Lynch's branch office in Sacramento, California. "Our volume in January is up 15 percent or 20 percent over last year, but the buying and selling is pretty evenly balanced. Some customers are still taking their capital gains. But others are asking, 'How long should I hold on?'"

"We have seen some buying of low-priced stocks, but, as a general rule, clients are staying with quality," said Charles Cameron, who manages a Portland, Oregon, office for Smith Barney, Harris Upham & Co. "There exists a certain excitement about the market, but you have to realize that people in Oregon are more the show-me type."

And what are retail customers buying? "The public is buying big-name stocks like General Electric and Coca-Cola, and some people are picking up low-priced over-the-counter issues

See STOCKS, Page 13

Elf Profit Off 19% In Year

Result Called 'Satisfactory'

By Jacques Neher

International Herald Tribune

PARIS — Elf Aquitaine, France's government-owned oil and chemicals giant, said Wednesday that the combined impact of the drop in the value of the dollar and lower oil prices caused profits to decline 19 percent last year, to an estimated 4.3 billion francs (about \$715 million at current exchange rates).

Michel Pequeure, Elf Aquitaine's chairman, said the result was "satisfactory," considering a 30 percent drop in crude oil prices and a 16 percent decline in the dollar's value against the franc last year.

In 1985, the company reported a profit of 5.3 billion francs.

Earnings from exploration and production fell by around 65 percent, to 3 billion francs, while refining and distribution operations posted a 2 billion franc profit after a 400 million franc loss in 1985.

A spokesman said the company's chemicals group was profitable, but he had no final figure.

Group sales fell 36.4 percent, to 115 billion francs in 1986, as oil and gas production declined 5.4 percent, to 54.4 million tons of oil equivalents, Elf said.

The company produced 27.9 million tons of crude, the same as in 1985, while gas production fell 10.8 percent from year-earlier levels, to 26.5 billion cubic meters.

"We knew profits would decline, but this is better than we expected," said Jean-Marie Blanc, an analyst with the Paris brokerage house of Jean-Pierre Pinatton & Co. "I think they can increase their dividend."

Investors apparently expected, worse also, as Elf Aquitaine's stock rose 2 percent Wednesday on the Paris Bourse, to close at 347 francs in an otherwise declining market.

The state controls 56 percent of the company's stock, but is expected to sell its controlling interests in the next few years as part of a broad denationalization program.

Mr. Pequeure would make no earnings forecast for 1987. But he said that the December accord among members of Organization of Petroleum Exporting Countries to stabilize crude oil prices at \$18 a barrel and "tendencies which we have observed since seem to be putting things back on the right path."

Mr. Pequeure also criticized the French windfall tax on oil and gas produced in France, calling it totally unjustified. The company said it paid taxes totaling 1 billion francs in 1986 for profits derived from domestic production in 1985.

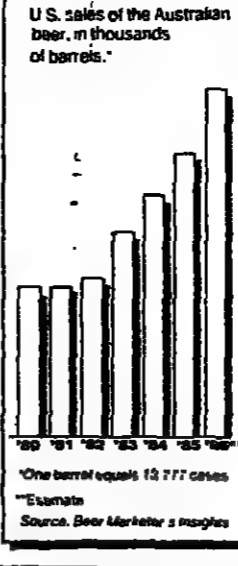
The French government has not decided whether to renew the windfall profits tax for 1987.

Some of the Australian beers competing in the American market, representing a small 1.5 percent of import sales.



A Growing Taste For Foster's

U.S. sales of the Australian beer, in thousands of barrels.



Australia Taps U.S. Beer Market

As Sales Dry Up at Home, Breweries Hurry to Export

By Richard D. Lyons

New York Times Service

MELBOURNE — Aggressive marketing, good timing, luck and a dark little secret that Crocodile Dundee doesn't tell his American friends are combining to make beer exports to the United States an irresistible opportunity for Australian brewers.

Indeed, lately there has been a scramble to enter the U.S. beer market, and even such little-known names as Cooper's Big Barrel and Southwark's Broken Hill Lager are elbowing Swan Export and Foster's Lager for the attention of the U.S. beer drinker.

The competition is becoming so heated that several of the main players are refusing to disclose either sales figures or profitability, preferring boastful news releases. One from Carlton & United Breweries Ltd. promises that the company is going to "Fosterize" the world with its best-selling brew.

Foster's Lager is by far the best-selling Australian beer in the United States. It is known for its aggressive television campaign featuring Paul Hogan, who played the title role in the hit movie "Crocodile Dundee."

This is probably because Foster's so nearly mimics the American taste for lighter beer, which is no coincidence, because what Mr. Hogan has not mentioned in the television commercials is that it was first brewed in Australia a century ago by two New York brothers, W.M. and R.R. Foster.

They arrived from Manhattan in 1886 and sensed a market in this hot climate for chilled lager rather than the heavier ales popular at the time. So they sent to New York for brewing equipment, became successful with their new product, sold out and returned home at the end of the century.

Shrugging off these historical origins, Foster's officials are crowing over their success in the United States, although they decline to be specific about sales figures.

Last year, according to Beer Marketer's Insights, an industry newsletter based in West Nyack, New York, the company sold an estimated 1.8 million cases of Foster's in the United States, more than double the volume in 1982. Last year's sales represented about 90 percent of all the Australian beer shipped to the United States, the newsletter said.

Australian beer is still only a drop in the bucket of U.S. beer sales. It represents only about 1.5 percent of import sales, which, in turn, are less than 5 percent of total U.S. beer sales.

Nonetheless, imports, of which there are about 400 brands, are growing fast. And the growth of Australian beer sales in the United States was part of the reason that sales of imported beer last year grew to about 4.8 percent of total beer sales from about 4 percent in 1985, according to Beer Marketer's Insights.

Peter T. Bartels, the managing director of Carlton & United Breweries, was quick to point out

See BREW, Page 15

Dollar's Plunge Continues as G-5 Rumors Swirl

Reuters

LONDON — The dollar fell sharply Wednesday in hectic trading fueled by rumors of central-bank intervention, interest-rate cuts and the possibility of an early meeting of Group of Five finance ministers.

The U.S. currency slipped to its lowest point against the Deutsche mark in six and a half years before recovering a bit in Europe. Dealers said there was plenty of room for it to fall further.

The dollar traded as low as 1.7670 DM early in the day, down 3 pence from Tuesday's London close, before coming back up at the close. It also fell below 6 French francs, an important support level, for the first time in more than five years.

Dealers attributed the plunge to bearish sentiment on the outlook for the U.S. economy combined with a belief that the Reagan administration was willing to let the currency drift further.

But rumors of an emergency meeting of the Group of Five industrial nations — the United States, Japan, West Germany, Britain and France — sparked a temporary recovery.

The dollar also firmed on rumors of central-bank intervention, though dealers said they did not detect central banks in the market. The West German Bundesbank did not intervene at the fix in Frankfurt.

The dollar fell back again, as officials from three countries denied that a G-5 meeting was imminent.

In London, the dollar fell to 1.7860 DM from 1.8078 on Tuesday; to 5.9600 French francs from 6.0330, and to 1.5010 Swiss francs from 1.5168. It was unchanged against the yen, at 151.55. The British pound firmed to 1.5390 from \$1.5340.

In earlier European trading, the dollar was fixed in Frankfurt at 1.7754 DM, down more than 4 pence from 1.8195 on Tuesday, and at 5.9250 French francs in Paris.

is, down 15 centimes from 6.0735.

In Zurich, it closed at 1.4885 Swiss francs, below the key support level of 1.50, compared with 1.5245.

At midsession in New York, the dollar was trading well below Tuesday's close.

Wednesday's rumors about a G-5 meeting apparently began when Satoshi Sumita, the governor of the Bank of Japan, said at a business seminar in Tokyo that the five industrial powers were moving to

See DOLLAR, Page 15

Sumita Appeals To U.S. to Help Stabilize Dollar

Agency France Press

TOKYO — The United States needs Japanese institutional investors to fund its budget deficit and should build confidence by stabilizing the dollar, the Bank of Japan's governor said Wednesday.

"Even for the United States, stability on the exchange market is important in securing a smooth inflow of capital," Satoshi Sumita said at a business seminar. "It is a plain fact that the United States is worried that the higher yen might reduce Japanese investment there."

An executive with a Tokyo bank described Mr. Sumita's remarks as "exceptional" and said they indicated a "call" on U.S. officials to refrain from making remarks that would lead to a higher yen.

Mr. Sumita also indicated that Japan would cut its basic interest rate soon. For the past two weeks, speculation about an imminent cut in the discount rate has mounted. The cut is widely expected to be half a percentage point, to 2.5 percent.

U.S. Weighs Charging Airbus With Unfair Trade Practices

WASHINGTON — The U.S. government is ready to file unfair trade charges against Airbus Industrie if the West European consortium goes ahead with plans to build new airlines to compete with the MD-11 built by McDonnell Douglas Corp., U.S. officials said Wednesday.

Two senior U.S. trade officials are to meet Feb. 2-4 with officials

of France, West Germany and Britain, the three governments providing most of the support for Airbus.

The meetings, in Paris, Bonn and London, are to be part of an increased effort to block Airbus's inroads into U.S. dominance of the commercial aircraft industry.

These governments will be asked to curb their financial support for sales and production of the proposed A-350 and A-340 series.

Long-standing U.S. complaints against Airbus include charges that planes are sold below their production costs and that inducements, such as landing rights, are offered if foreign airlines buy Airbus aircraft.

The U.S. delegation to Europe will be headed by Bruce Smart, undersecretary of commerce for international trade, and Michael B. Smith, a deputy U.S. trade representative.

One charge the United States is considering filing falls under a provision of the General Agreement on Tariffs and Trade. It says government subsidies must, over the long run, give an industry a reasonable chance of making a profit.

Airline specialists say that West Germany, France, Britain and, to a far lesser extent, Spain, have put about \$15 billion into Airbus Industrie since 1970 and that the company and its planes have yet to make a profit.

U.S.-EC Grain Dispute Boils Over Into New GATT Talks

By Thomas Netter

International Herald Tribune

GENEVA — The dispute between Washington and the European Community over grain exports boiled over into multilateral trade liberalization talks here on Wednesday, delaying the negotiations over a new round of GATT talks.

Trade sources said, however, that reports of a U.S.-EC agreement in principle to end the grain dispute could pave the way for successful conclusion of the talks late Wednesday, "barring any accidents."

Delegates to the 92-nation General Agreement on Tariffs and Trade struggled Wednesday to set a self-imposed deadline for setting up a structure for the negotiations.

Such a structure is regarded as crucial for the success of the four-year "Uruguay round" of talks agreed to at a meeting at Punta del Este, Uruguay, last September.

Although 11 of the 12 negotiating areas have already been set, the question of agriculture remained the most difficult, with the United States pressing the 12-member EC to allow negotiations on agriculture to move more quickly than in areas, such as trade in goods and services.

The U.S.-EC quarrel underscored the delicate political nature of the GATT talks, which are designed to eliminate protectionist barriers in a number of types of trade, including — for the first time — agriculture and services. It also

illustrated how bilateral disputes between powerful trading partners could hold the entire GATT process hostage.

The dispute in Geneva centered on Washington's insistence on a so-called "fast track" policy in which the difficult question of agricultural subsidies could be negotiated at a faster pace than other types of trade.

But EC negotiators want talks in all 12 areas to proceed at the same pace. Trade sources said that this might prevent the community from being forced into early concessions on its large subsidies to European farmers.

At the same time, delegate sources quoted the EC negotiator, Van-Thinh Tran, as saying that Brussels had already made "more than enough concessions" in bilateral trade talks with the United States.

At a meeting in Washington last week on the grain dispute, the U.S. trade representative, Clayton K. Yentler, and the EC's chief trade negotiator, Willy de Clercq, failed to reach a compromise that would allow Washington to recoup sales lost when Spain joined the community last year.

The United States argues that its farmers have lost \$400 million in sales of corn and sorghum products as a result of tariffs the EC forced Spain to impose. After a year of unsuccessful negotiations, the White House said last month that it would impose 200 percent tariffs on some EC agricultural products unless the EC dropped its tariffs or compensated American farmers.

U.K. Had Deficit On Balance of Payments for '86

Agence France-Press

LONDON — Britain said Wednesday that it had a balance-of-payments deficit of £187 million (\$285 million) last year, its first such yearly deficit since 1979.

But for December it posted a balance surplus of £38 million, which was better than expected, after November's large deficit of £232 million, the Department of Trade and Industry reported. The balance of payments includes total foreign trade in goods and services, plus the flow of gifts and foreign aid, capital flows, official settlements and reserves.

For the fourth quarter, the deficit narrowed to an adjusted £229 million from £781 million in the third quarter.

The government had forecast a £3 billion surplus for the year, but in November it revised that to a balance of zero, citing the drop in oil prices and an increase in manufactured imports.

The oil trade surplus narrowed to £4.14 billion last year from £8.16 billion in 1985. Imports rose 1.5 percent to a record £81.343 billion, while exports fell almost 7 percent to £72.663 billion.

U.S.-British Bank Pact Under Study for Legality

By Tony Carritt

BRUSSELS — The European Community Commission has expressed concern to the British government over the legality of a pact on banking supervision that Britain has reached with the United States, sources close to the commission said Wednesday.

They said that Britain might have violated EC law by agreeing to the pact with Washington.

Announced earlier this month, it was described then by the Bank of England governor, Robin Leigh-Pemberton, as a "landmark in international supervisory cooperation."

Lord Cockfield, the EC commissioner for financial institutions, has told the British chancellor of the Exchequer, Nigel Lawson, that the accord is being studied by the commission's legal experts, the sources said.

The agreement coincided with EC efforts to standardize supervision of banking practices as part of the drive to establish a barrier-free common market for goods, services and capital.

The EC has, for example, already made a proposal to standardize the technical issue of what constitutes a bank's "own funds," a matter dealt with in the London-Washington agreement, the sources pointed out.

But, the sources continued, the issue is clouded by uncertainty over how formal the agreement, between the Bank of England and the U.S. Federal Reserve, actually is.

Currency Rates

Cross Rates	Jan. 28	Jan. 29
American dollar	1.7860	1.7860
British pound	1.5340	1.5340
French franc	5.9250	5.9250
German mark	3.3636	3.3636
Italian lira	1.3667	1.3667
Japanese yen	151.55	151.55
Swiss franc	1.5010	1.5010
Spanish peseta	166.64	166.64
U.S. dollar	1.7860	1.7860
West German mark	3.3636	3.3636
Yen	151.55	151.55

Closes in London and Zurich. Rates in other European countries, New York rates as of 3 p.m. (a) Computed from the dollar's value against the yen and the yen's value against the dollar. (b) The dollar's value against the yen and the yen's value against the dollar. (c) The dollar's value against the yen and the yen's value against the dollar. (d) The dollar's value against the yen and the yen's value against the dollar. (e) The dollar's value against the yen and the yen's value against the dollar. (f) The dollar's value against the yen and the yen's value against the dollar. (g) The dollar's value against the yen and the yen's value against the dollar. (h) The dollar's value against the yen and the yen's value against the dollar. (i) The dollar's value against the yen and the yen's value against the dollar. (j) The dollar's value against the yen and the yen's value against the dollar. (k) The dollar's value against the yen and the yen's value against the dollar. 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Vienna

**How to Increase
Futures Margins**

[illegible]

STOCKS: *Small*

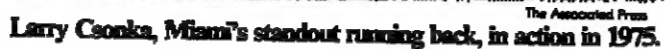
REPUBLIC

Consolidated States

[Faint, illegible text from bleed-through]

[Faint, illegible handwritten notes]

Pro Football Names 7 to Hall of Fame



Weather Disrupts Ski Meet

An off day (Feb. 6) is built into the schedule, but continuing bad weather would create a backlog, as happened both at the 1984 Winter Olympics and the 1985 world championships. In both cases, the men's and women's downhill had to be held on the same day.

Basketball

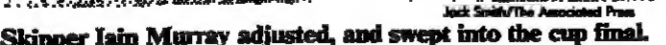
PGA Leaders

National Hockey League Leaders

BASEBALL

Patrick Division
W L T

Cup Finalists: Splendid Isolation



...of false conviction.

Kookaburra III swept Australia IV, 5-0, in the recent cup defender final; Lexcen is convinced that the Kookaburra team won because it was more confident of its ideas than the team stood still.

Murray said recently that his syndicate had made minor refinements to Kookaburra III before the final defense series began Jan. 14. The

...wasting, but didn't have time to attack it. It also wasn't particularly convinced that it needed it.

Instead, they shaved a few millimeters off Australia IV's keel wings and the keel itself. After losing the first three rounds in a row, Lexcen gave in. He adjusted the rig on Australia IV and noticed an immediate difference in boat speed. But it wasn't enough.


(Through)
TEAM OF

EAST
Amherst 71, Westvonn 62

EC Seeks Freer Flow of Soccer Pros

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
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